

THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT: AN AFRICAN INITIATIVE

HEARING BEFORE THE SUBCOMMITTEE ON AFRICA OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

SEPTEMBER 18, 2002

Serial No. 107-114

Printed for the use of the Committee on International Relations



Available via the World Wide Web: http://www.house.gov/international_relations

U.S. GOVERNMENT PRINTING OFFICE

81-811PDF

WASHINGTON : 2002

For sale by the Superintendent of Documents, U.S. Government Printing Office
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THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT: AN AFRICAN INITIATIVE

WEDNESDAY, SEPTEMBER 18, 2002

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AFRICA,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 2:16 p.m. in Room 2172, Rayburn House Office Building, Hon. Edward R. Royce (Chairman of the Committee) presiding.

Mr. ROYCE. The Subcommittee on Africa will come to order at this time.

Today the Subcommittee will examine the New Partnership for Africa's Development, commonly referred to as NEPAD. Faced with persistent poverty and many social ills on the continent, African governments have proposed NEPAD as a means of boosting African economies and boosting African living standards.

This comprehensive initiative commits African countries to economic and political reform in exchange for increased development aid, accelerated debt relief, and greater market access from developed countries. NEPAD has gained considerable attention being the focus of Africa Day at the June 8 G-8 Summit in Canada, and the fact that NEPAD is made in Africa and not a donor issue has added to the profile of this initiative.

The NEPAD represents a growing African assertiveness in shaping global economic policy, particularly in shaping trade policy. The World Trade Organization estimates that the United States and the European Union agriculture subsidies alone cost developing nations \$250 billion a year. NEPAD justifiably criticizes these subsidies while calling for greater market access for African goods.

It recognizes the African Growth and Opportunity Act as an important opportunity for African producers. Several African countries in fact have seized on this opportunity. Few development aid programs can match or go as far as market access in terms of beneficial impact on African development.

I had the opportunity earlier this year to visit several countries in southern Africa and see firsthand the job creation there as a result.

The NEPAD is particularly relevant in light of the Bush Administration's Millennium Challenge Account, a developing initiative that seeks to direct greater development aid to countries committed to political and economic reform. We need to better understand how these two initiatives complement one another, but also how they differ from the past development aid plans and approaches. Calls

for greater development aid, whether from Africa or here at home, must confront the fact that hundreds of billions of dollars of such aid has been spent in Africa, without producing many positive results.

Its supporters note that NEPAD is different because of its peer review process, to be guided by its declaration on democracy, economic and corporate governance.

Zimbabwe's political crisis has been an opportunity for African leaders to show a commitment to these core principles of good economic and political governments, and unfortunately, they have been very hesitant to criticize Zimbabwe's government violent political oppression and trampling of human rights. At best, there have been weak statements of concern over Zimbabwe, which is not much consolation to the many Zimbabweans, mostly black, suffering brutal violence at the hands of Robert Mugabe's operatives.

There is no getting around the fact that this is a missed opportunity to show African governments' willingness to begin to hold one another accountable to standards of good government, to show that African governments value the rule of law and the other institutions being shredded in Zimbabwe, the same institutions NEPAD is asking donors to finance.

Today's *Financial Times* has an article headlined "Zimbabwe's Chaos Threat to African Plan." It is my hope that NEPAD inspires African governments to value democracy and the rule of law over continental solidarity with a tyrant.

While I have always had doubts about big economic and social plans and their bureaucracies, I certainly hope that NEPAD meets its goals, its goals of bettering African lives. It is a very worthy objective, and its authors are right to act with urgency, realizing that Africa is at a critical juncture and needs the world's support. And by pressing this point, NEPAD has already had a measure of success.

I will now turn to the Ranking Member of the Subcommittee, Mr. Don Payne of New Jersey for his opening statement.

[The prepared statement of Mr. Royce follows:]

PREPARED STATEMENT OF THE HONORABLE EDWARD R. ROYCE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SUBCOMMITTEE ON AFRICA

WASHINGTON, D.C.—The following is the opening statement of Africa Subcommittee Chairman Ed Royce (R-CA) at this afternoon's hearing on the New Partnership for Africa's Development (NEPAD).

Today, the Subcommittee will examine the New Partnership for Africa's Development, commonly referred to as NEPAD.

Faced with persistent poverty and the many social ills on their continent, African governments have proposed NEPAD as a means of boosting African economies and living standards. This comprehensive initiative commits African countries to economic and political reform in exchange for increased development aid, accelerated debt relief and greater market access from developed countries. NEPAD has gained considerable attention, being the focus of "Africa Day" at the June G-8 Summit in Canada. That NEPAD is "made in Africa," and not a donor initiative, has added to its profile.

NEPAD represents a growing African assertiveness in shaping global economic policy, particularly trade policy. The World Trade Organization estimates that United States and European Union agriculture subsidies alone cost developing nations \$250 billion a year. NEPAD justifiably criticizes these subsidies, while calling for greater market access for African goods. It recognizes the African Growth and Opportunity Act (AGOA) as an important opportunity for African producers. Several

African countries, in fact, have seized on this opportunity. Few development aid programs can match AGOA's market access in terms of beneficial impact on African development.

NEPAD is particularly relevant in light of the Bush Administration's Millennium Challenge Account (MCA), a developing initiative that seeks to direct added development aid to countries committed to political and economic reform. We need to better understand how these two initiatives complement one another, but also how they differ from past development aid plans and approaches. Calls for greater development aid, whether from Africa or here at home, must confront the fact that hundreds of billions of dollars of such aid has been spent in Africa, much producing few results. Its supporters note that NEPAD is different because of its peer review process, to be guided by its *Declaration on Democracy, Economic and Corporate Governance*.

Zimbabwe's political crisis has been an opportunity for African leaders to show a commitment to these core principles of good economic and political governance. Unfortunately, they have been very hesitant to criticize the Zimbabwean government's violent political oppression and trampling of human rights. At best, there have been weak "statements of concern" over Zimbabwe, which isn't much consolation to the many Zimbabweans, mostly black, suffering brutal violence at the hands of Robert Mugabe's operatives. There is no getting around the fact that this is a missed opportunity to show African government's willingness to *begin* to hold one another accountable to standards of good government—to show that African governments value the rule of law and the other institutions being shredded in Zimbabwe—the same institutions NEPAD is asking donors to finance. It is my hope that NEPAD inspires African governments to value democracy and the rule of law over continental solidarity with tyrants.

While I have always had doubts about big economic and social plans and their bureaucracies, I certainly hope NEPAD meets its goals of bettering African lives. Its authors are right to act with urgency, realizing that Africa is at a critical juncture and needs the world's support. By pressing this point, NEPAD has already had a measure of success."

Mr. PAYNE. Thank you very much, Mr. Chairman. Let me thank you for calling this hearing, the New Partnership for Africa's Development, and more importantly, an African initiative.

Let me welcome the distinguished panel here. Thank you for sharing your thoughts with us today on the New Partnership for Africa Development.

NEPAD is said by many to be the first development program for Africa developed by Africans. I think that that is very significant and important. What NEPAD sets in motion is an action plan that demonstrates the acknowledgement of the critical state of Africa's development in a number of key areas.

In an area of such marked interdependence among various nations of the world in terms of commerce and trade, it is appalling that a continent so rich as Africa in natural resources on which many nations rely is not a full participant in the global economy in any meaningful way.

I think Africa today is still viewed as a place to be exploited, and is not given full credit for or the chance to show what it has to offer the world. NEPAD seems to have the plan to change that view through its proposals for political reform, improvements in governance, and respect for human rights.

Though great strides have been made in many ways, many African countries remain marred in the perception of corruption, dictatorship and authoritarian rule. But when one considers the fact that independence from European colonial rule was won less than 30 years ago for most of Africa, it is astounding just how far Africa has come. A Nigerian politician recently said to me democracy is a process still evolving. These countries are still at such a state of democracy, and we will have to understand that while at the same

time we need to encourage political reform and principles of governance that will strengthen and buttress these fledgling democracies and make them more attractive to foreign investors and more stable in general.

For that reason, I commend the declaration on democracy, political, economic and corporate governance, its peace and security initiative and the African Peer Review Mechanism. The APRM is especially encouraging at a time when head of states are reluctant to criticize the action or behavior of their counterparts, even though their efforts often transcend their own borders.

However, since this mechanism is voluntary, it is important to have clear incentives for participation beyond winning the favor and support of the international community as this has not proven itself to be a powerful motivator.

All in all, I am encouraged by the vision set forth by NEPAD's designers, and heartened by their courage, but I do have remaining concerns. There have been reports that civil society was left out of the development process of NEPAD. In any democracy and in any plan for a sustainable development the every day citizen who will feel the effects of any initiative, whether positive or negative, must be key players as their participation is integral to a real lasting advancement.

The NEPAD should recognize the centrality of Africans to the process of development, and therefore include a strategy or set the role that civil society will play. NEPAD should have a civil society implementation plan also, in my opinion.

The NEPAD document, from my understanding, was made available to Africa's civil society largely through internet Web sites. While most Africans living rural areas, a relatively small number of people will have access to this information from the internet.

The absence of civil society can be seen in certain other areas, particularly on the issue of debt cancellation, and the fact that most African models of development have as their starting point a call for total debt cancellation while NEPAD does not call for this.

Finally, any comprehensive plan for Africa's development must have a strong implementation and implementable plan for poverty eradication. This is something that we hear less and less about. Until we start to deal seriously with poverty eradication, other problems will continue to occur—poor health, poor education, poor governance, corruption. And so poverty eradication is so key, in my opinion.

The entire world is moving toward the trend of severe economic disparity, the have and the have nots, not only individual countries, but nations themselves. We should be careful to include improved quality of life and increased opportunity for prosperity for the poor and hungry people of Africa. And I do hope that the mechanisms that have been put forth will work. However, I do understand it is a brand new concept and we cannot expect things overnight, so I am a little more patient at seeing how the organization will deal with those leaders who seem to be working outside the box. But I think that the future will prove to be a successful move.

With that, I think I will yield back.

[The prepared statement of Mr. Payne follows:]

PREPARED STATEMENT OF THE HONORABLE DONALD M. PAYNE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW JERSEY

First of all I commend my good friend, Ed Royce, the Chair of the Africa Subcommittee for his calling of this very important and timely hearing. To our distinguished panel, thank you for sharing your thoughts with us today on The New Partnership for Africa's Development.

NEPAD is said by many to be the first development program for Africa developed by Africans. What NEPAD sets in motion is an action plan that demonstrates the acknowledgement of the critical state of Africa's development in a number of key areas.

In an age of such marked interdependence among various nations of the world in terms of commerce and trade, it is appalling that a continent so rich in natural resources, on which so many nations rely, is not a full participant in the global economy in any meaningful way. I think Africa today is still viewed as a place to be exploited and is not given full credit for, or the chance to show, what it has to offer the world. NEPAD seems to have the plan to change that view through its proposals for political reform, improvements in governance, and respect for human rights.

Though great strides have been made in the way of democracy, many African countries remain mired in the perception of corruption, dictatorship, and authoritarian rule. But, when one considers the fact that independence from European colonial rule was won less than 30 years ago for most of Africa, it's astounding just how far they've come.

One Nigerian politician recently said to me, "democracy is a process". These countries are still at such a nascent stage of democracy and we have to understand that, while at the same time, we need to also encourage political reforms and principles of governance that will strengthen and buttress these fledgling democracies and make them more attractive to foreign investors and more stable in general. For this reason, I commend NEPAD's Declaration on Democracy, Political, Economic and Corporate Governance, its Peace and Security Initiative, and the Africa Peer Review Mechanism.

The APRM is especially encouraging at a time when head of state are reluctant to criticize the actions or behavior of their counterparts, even though their effects often transcend their own borders. However, since this mechanism is voluntary, it is important to have clear incentives for participation beyond winning the favor and support of the international community, as this has not proven itself a powerful motivator.

All in all, I am encouraged by the vision set forth by NEPAD designers and heartened by their courage, but I do have remaining concerns. There have been reports that civil society was left out of the development process of NEPAD. In any democracy and in any plan for sustainable development, the everyday citizens who will feel the affects of any initiatives, whether positive or negative, must be key players as their participation is integral to any real, lasting advancement. NEPAD should recognize the centrality of Africans to the process of development and therefore include a strategy or set out the role they will play. NEPAD should have a civil "society implementation plan."

The NEPAD document, from my understanding, was made available to African civil society largely through Internet websites. With most Africans living in rural areas, a relatively small number of people have access to this information.

The absence of civil society can be seen in certain other areas, particularly on the issue of debt cancellation and the fact that most Africa models of development have as their starting point, a call for total debt cancellation, while NEPAD does not.

Finally, any comprehensive plan for Africa's development must have a strong, implementable plan for poverty eradication. The entire world is moving towards the trend of severe economic disparity. We should be careful to include improved quality of life and increased opportunity for prosperity for the poor and hungry people of Africa.

Mr. ROYCE. Thank you, Congressman Payne.

What I would like to do without objection, I would like to insert into the record a statement noting the recent death of Mohammad Ibrahim Egal, the President of Somaliland who was himself a strong supporter of NEPAD.

[The information referred to follows:]

STATEMENT ON DEATH OF MOHAMMAD IBRAHIM EGAL

It is appropriate that the Africa Subcommittee acknowledges the death of Mohammad Ibrahim Egal, the President of Somaliland, at a hearing on the New Partnership for Africa's Development (NEPAD). President Egal, a strong supporter of NEPAD, died on May 3, 2002. This was the end of a political career spanning five decades during which he made notable contributions to the Somali people and Africa. Mohammad Egal knew both the corridors of power and the perils of dictatorship. He paid a state visit to the United States in 1968 as the Prime Minister of the Somali Republic. The following year he was overthrown by a military coup that ended constitutional democracy in Somalia and resulted in his imprisonment for 12 years.

The Mohammad Siad Barre military dictatorship imploded in 1991, with dire consequences for the Somali people and Africa. Warlords filled the void created by the collapsed state. They continue to wage internecine conflicts that cause famine and send refugees flowing into neighboring countries. Chaos still prevails, by and large, more than a decade later—the antithesis of the ideals of good governance, respect for human rights and economic growth embodied in NEPAD.

Mohammad Ibrahim Egal did not stand idly by as Somalia spiraled into anarchy. He successfully led efforts to promote peace and stability in Somaliland. This territory was administered by Britain prior to independence in 1960, and then joined with the former Italian colony of Somalia to form the Somali Republic. He was elected the second president of Somaliland by a constituent assembly and clan elders in 1993, and reelected in 1997. Under his leadership, the economy developed and stability reigned. The Africa Subcommittee acknowledges the contribution of Mohammad Ibrahim Egal to his country and Africa.

Mr. ROYCE. I would also like to acknowledge the presence of President Fradique de Menezes, who is with us today. I had an opportunity to speak with him earlier, and Mr. President, if you would stand to be recognized, we would very much appreciate your attendance. [Applause.]

Now with your indulgence, what I would like to do is temporarily convene our hearing to vote and be right back to start with Minister Pahad's opening statement.

Thank you. We stand in recess.

[Recess.]

Mr. ROYCE. This hearing entitled "The New Partnership for Africa's Development: An African Initiative" will come back to order at this time.

I am going to ask Mr. Aziz Pahad to come forward. Mr. Aziz Pahad has been the Deputy Foreign Minister of South Africa since the advent of one person/one vote in 1964. He was actively involved in the movement to end apartheid as a member of the African National Congress, and he serves on its National Executive Committee.

He earned a B.A. degree in Sociology and Afrikaans and a diploma, an M.A. in International Relations. And I want to thank Mr. Pahad for making himself available to the Subcommittee as we seek to better understand this important initiative which your government has been so central to.

So Minister, if you could please summarize your testimony at this time. Thank you.

STATEMENT OF AZIZ PAHAD, DEPUTY MINISTER OF FOREIGN AFFAIRS, GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

Mr. PAHAD. Thank you, Chairperson.

Chairman Royce, distinguished Members of the Subcommittee on Africa, I wish to thank you for inviting me to participate with you in today's hearings to discuss the crucial challenges of poverty eradication and sustainable development confronting Africa.

Many Members of this Committee represent millions of people who joined us in our struggle against colonialism and apartheid. It is therefore appropriate that in the 21st century we meet again to consult and unite in our fight to tackle the burning issue of the socio-economic renewal of Africa which, unfortunately, is one of the poorest continents in the world. As you know, over half of the people in Africa live on less than one dollar a day. Surely, this must be the greatest development challenge facing humanity.

We welcome the U.N.'s adoption 2 days ago of the Declaration on the New Partnership for Africa's Development.

Mr. Chairman, a few days ago, on September 11, millions throughout the world commemorated the tragedy of the terrorist attacks in New York, Pennsylvania and Washington. This was followed by the September 11 debate in the General Assembly and the September 16 General Assembly debate on NEPAD.

I believe that all these events brought into sharp focus the interdependence of the world and the need to collectively fight terrorism by tackling its root causes. NEPAD is Africa's response to meeting this challenge. It is an integrated, holistic African agenda to forge African partnership to take responsibility to deal with Africa's abject poverty, underdevelopment and increasing marginalization from the world economy.

It is about changing perceptions of Africa's begging bowl syndrome. It is about changing donor/recipient relationships, and to build a new partnership based on mutual respect as well as shared responsibility and accountability. It is about restructuring the nature of our economies. It is about market access and trade. It is about the debt burden. It is about foreign direct investment. It is about good corporate governance. It is about political and economic good governments, democracy, respect for human rights and the rule of law.

It is about gender empowerment, and it is about conflict resolution, investment in people by promoting resource development, education and health care, especially the combating of HIV/AIDS.

In short, Chairman, NEPAD provides a focus point and the overall strategic framework for engagement as partners with Africa's developmental agenda determined by Africa for Africa's future.

Chairman, contrary to extreme negative perceptions of Africa, today, increasingly many of our countries are establishing multi-party democracies and many of our countries have had successful elections.

However, we are acutely conscious that more has to be done. The African Union Summit held in the city of Durban, South Africa recently unanimously adopted the declaration on the implementation of NEPAD. This encourages all of Africa to endorse the declaration of economic and political governance, and the establishment of the Africa Peer Review Mechanism.

The declaration on good governance and democracy spells out in detail commitments and obligations such as strengthening of the democratic process, promotion of good governance, protection of human rights, press freedom, and enhancing institutional capacity.

New initiatives worth underscoring are the identification of the protocol of the African Charter on Human and Peoples' Rights, to establish the African Court of Human and Peoples' Rights; the in-

spection of the OAU principles of unconstitutional changes of government; the African Union declaration on the principles governing democratic elections in Africa, which inter alia endorses the development of clear standards of accountability and participatory governance; the responsibilities of member states and its rights and obligations with regard to elections and election monitoring by the African Union; and as important, the establishment of an African Peer Review Mechanism.

The African Peer Review Mechanism is designed, owned and managed by Africans so as to demonstrate that African leaders are fully aware of their responsibilities and obligations in respect of good governance, political and economic human rights, democracy, and other very important related matters.

It is on the basis of these decisions taken at the AU Summit that we are genuinely prepared to engage and relate to the international community on the basis of mutual respect and mutual benefit. Indeed, the adoption of eight codes and standards for economic and corporate governments lays a very strong foundations for us in Africa to begin to tackle the issues that are of grave concern to many of our partners.

Chairman, sustainable development is not possible in an environment of violence and instability. Therefore, the AU has taken a decision to pay special attention to concrete prevention, management and resolution. A Peace and Security Council has been established, and I believe this will make a major impact on our efforts to deal with conflict prevention and resolution.

And I want to stress that in the recent period Africa has seen many successes that are very positive. Angola, the Democratic Republic of the Congo, Burundi, Liberia, Sudan and the Comores all give an indication of Africa's commitment to seriously deal with issues of conflict prevention.

Chairman, NEPAD cannot be held to ransom by collective punishment. Problems in some countries cannot be a litmus test for its success or failure. NEPAD is an evolving process to be implemented in existing African realities. Africa consists of 53 countries with different levels of development, different experiences via political and economic systems, different institutional capacities within government and outside government, and different levels of financial and human capacities.

The NEPAD is not an event. It is a long-term process and cannot deliver instant success. It is a work in progress. I believe that genuine constructive mutually beneficial partnership between Africa and the international community is the best recipe to ensure success rather than failure.

Chairman, in conclusion, let me say Africa has the potential to contribute to a prosperous and stable world order. It is commonly known that we have abundant natural resources. We have a huge investment potential, we have a huge untapped market potential, and indeed, Africa can make a major impact on the global ecosystem and bio diversity.

However, if Africa continues to suffer massive poverty, underdevelopment and conflicts, it will impact negatively on the global development, inter alia issue such as transnational crime, drug

smuggling illegal trafficking in weapons, terrorism, mass migration, the spread of HIV/AIDS and environment degradation.

It is, therefore, in our mutual interest that the USA supports Africa's historic struggle for each generation. We in Africa welcome AGOA and the Millennium Challenge Account. We believe that much more can and has to be done. It is clear that earlier initiatives for African renewal did not work, partly because of the lack of political will both on the part of many African leaders and the donor community, lack of resources, and in part by the absence of a monetary mechanism.

Today, we are confident that the 21st century can be an African century because of the emergence of a leadership in Africa and internationally which is committed to building genuine partnerships for Africa's regeneration in the interests of all our peoples and all humanity.

I want to believe that our activities and our relations between Africa and the United States, and indeed, with the international community, must be driven by what President Lincoln said in his 1863 Gettysburg Address, and I quote:

"Four score and seven years ago our fathers brought forth on this continent, a new nation, conceived in Liberty, and dedicated to the proposition that all men are created equal."

He continued,

". . . We have come to dedicate a portion of that field, as a final resting place for those who here gave their lives that that nation might live."

I want to send a message that from the cradle of civilization, Africa, we call on the United States to join us in partnership so that humanity survives.

Thank you.

[The prepared statement of Mr. Pahad follows:]

PREPARED STATEMENT OF AZIZ PAHAD, DEPUTY MINISTER OF FOREIGN AFFAIRS,
GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

Chairman Royce and distinguished members of the House Committee on International Relations' Subcommittee on Africa.

It is an honor to be here today in the presence of such esteemed legislators and friends of Africa. I would like to thank you, Mr. Chairman, and the members of your Subcommittee and the House International Relations Committee for this opportunity to discuss such an exciting and promising initiative from the continent of Africa and the cradle of mankind: The New Partnership for Africa's Development. Indeed, such an interaction is long overdue.

Mr. Chairman, I look forward to working with you and the Members of this Subcommittee and the House Committee on International Relations, on ways in which we can cooperate on forging such a partnership between the leadership and peoples of Africa and the United States.

Mr. Chairman, I am aware of, and greatly value, you and your Subcommittee's friendship and commitment to the Africa continent. You have graced the African and South African shores on many occasions, and it is very good to see you again, this time on the shores of your beautiful country.

I really look forward to continuing this friendship and commitment well beyond this hearing, and believe that this will be but the first of many interactions with the Subcommittee, Committee, and the United States Congress to build a new Africa that is mutually beneficial for all of our peoples. Just as together we can cast an eye back and look with gratitude at the fundamental and irrevocable way that the Congress of the United States of America contributed to bringing about a miracle of change in South Africa through the CAAA, so too do I relish the day when

we can stand together and cast an eye back and marvel at the fundamental and irrevocable way that the Congress of the United States of America contributed to bringing about a miracle of change in Africa through NEPAD.

Chairman Royce, at the outset, I believe that it is important to recognize that it is but one year and one week since the United States was attacked by ruthless and cowardly terrorists. Let me take this opportunity to reiterate the solidarity and sorrow that the African people share with you when we remember the American and African lives that were tragically lost on September 11. Perhaps the only consoling fact that we can bring out of such a tragedy is the fact that our past, present, and future are inextricably linked, and that we must work together to ensure that we bring about peace, stability, and justice for all the peoples of the world.

In our ongoing efforts to bring about peace, stability, and justice for all, we believe that the current U.S. Administration and Congress are committed to Africa and therefore are willing to support NEPAD. Such support is clearly in the national interests of the USA in a positive and negative sense. A stable, peaceful, and prosperous Africa provides many opportunities for the USA in terms of access to resources, not least of which is oil as the USA seeks new energy sources, the provision of viable investment opportunities in a emerging market, and access to an untapped consumer base. Africa's contribution to the global eco-system and to bio-diversity is also invaluable. In a negative sense, an Africa consumed by poverty, conflict, and instability will impact on the global environment in terms of transnational crime, drug smuggling, trafficking in weapons, terrorism, illegal immigration, the spread of disease, and environmental degradation. We all have a moral and material duty to ensure that such conditions are reversed. Pockets of deep poverty and dissatisfaction, weak and failed states are in nobody's interests. The benefits and opportunities provided by globalization must be extended to all for it to be sustainable.

To adopt a "wait and see attitude" would be a grave error. The present winds of change in Africa need to be supported and sustained. It is vital that success stories are generated quickly in order to build and maintain momentum and to provide encouragement to the reform efforts.

I know that the issue of Zimbabwe will be cited as a reason for such a "wait and see" attitude, but it is not a reasonable basis for such an approach.

NEPAD, as an evolving process not yet in operation, cannot be used to handle or be accountable for an existing crisis, i.e. Zimbabwe. Existing processes and institutions are in place to handle the situation, hence the decision under the Commonwealth process. This signifies a significant development in the history of Africa, premised as it always was on a system of non-interference in national sovereignty issues. Statements on Zimbabwe by President Mbeki, amongst others, have been consistent over time, calling for free and fair elections, for the crisis to be resolved peacefully, for matters to be handled according to the rule of law, for violence to stop, for a process of legal and transparent land reform, for illegal land invasions to stop, and for a process of national dialogue. Furthermore, a whole continent cannot be held ransom under a system of collective punishment according to the behavior of one state. NEPAD cannot be discarded, before even being implemented, on the basis of one existing crisis. On the contrary, it should first be given a chance to operate and to work before it is judged on its results. Lastly, NEPAD cannot be expected to deliver all 54 states in pristine condition. NEPAD is a long-term process designed to change an entire paradigm and way of doing business on the continent on the part of all role-players. This will be a long-term process and cannot deliver instant success. It needs to be supported over the long term to ensure that it is sustainable and successful.

NEPAD is about changing the begging bowl syndrome and past donor-recipient relationships. It is about Africa taking ownership of its own development agenda and of taking responsibility for its own future, as well as about building a new partnership with the international community based on mutual accountability. In this process of ensuring the conditions for development, of promoting an environment conducive for investment (both domestic and international) and of reducing the risk profile of doing business on the continent, many opportunities will open up for the private sector. The USA should support this process as it is in your interests to have a stable and peaceful Africa. Your support is required not only in terms of ODA but also in other areas, e.g. peace and security, education, health, capacity building, promotion of private sector investment, debt relief, market access, agricultural subsidy and non-tariff barrier reform, and more equitable international political, financial, and trading institutions and systems that are responsive to Africa's needs. ODA reform and support is but one aspect of the overall integrated socio-economic development strategy represented by NEPAD.

NEPAD is a holistic, integrated sustainable development initiative for the economic and social revival of Africa. It is a pledge by African leaders, based on a com-

mon vision and a firm and shared conviction that they have a pressing duty to the African people to eradicate poverty and to place their countries, both individually and collectively, on a world economy and body politic. The initiative is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalizing world. It is a call for a new relationship of constructive partnership between and among Africans themselves and between Africa and the international community to overcome the development chasm. The partnership is to be founded on a realization of common interest, obligations, commitments, benefit, and equality.

The initiative is premised on African states making commitments to good governance, democracy and human rights, which endeavoring to prevent and resolve situations of conflict and instability on the continent. Coupled to these efforts to create conditions conducive for investment, growth and development are initiatives to raise the necessary resources to address the development chasm in critical sectors that are highlighted in the Program of Action, such as infrastructure, education, health, agriculture, and ICT. Resources will be mobilized by way of increasing domestic savings and investment, by improving the management of public revenue and expenditure, and by increasing capital flows via further debt relief, increased targeted ODA flows, FDI, and private capital.

At the core of the NEPAD process is its African ownership, which must be retained and strongly promoted, so as to meet the legitimate aspirations of the African peoples. While the principle of partnership with the rest of the world is equally vital to this process, such partnership must be based on mutual respect, dignity, shared responsibility and mutual accountability.

The African Union Summit of July 2002 adopted a "Declaration on the Implementation of NEPAD". The Declaration endorsed the Progress Report and Initial Action Plan, that builds on the NEPAD strategic framework document accepted by the OAU at its Summit in Lusaka in July 2001, and called on states to urgently implement the various detailed priority programs, encouraged all member states to adopt the Declaration on Democracy, Political, Economic and Corporate Governance, to accede to the African Peer Review Mechanism, and to popularize the NEPAD. Lastly, it mandated the NEPAD structures to continue their work until the next Summit in Maputo in 2003 and it decided to expand the NEPAD Heads of State and Government Implementation Committee by one representative per region, i.e. to 20 members.

The Initial Action Plan elaborates the first phase for the implementation of NEPAD and proposes specific actions and instruments in a number of identified priority areas.

The Declaration on Democracy, Political, Economic, and Corporate Governance and the African Peer Review Mechanism essentially seek to ensure the implementation of objectives contained in such documents as the Constitutive Act of the African Union, the African Charter on Human and Peoples' Rights, the Protocol on the Establishment of an African Court on Human and Peoples' Rights and the Framework for an OAU Response to Unconstitutional Changes of Government.

The USA has a critical role to play as a partner in support of NEPAD. The implementation of NEPAD is first and foremost anchored on African resources and the resourcefulness of the African people. The partnership that is being built with international partners such as the G8 and the EU is intended to enhance this implementation and to accelerate the pace of implementation. The USA has the necessary capacity and resources to make a major contribution in this regard.

Furthermore, within the context of commitments undertaken in the UN Millennium Declaration, the G8 Africa Action Plan, the Monterrey Declaration, and the recently adopted Johannesburg Plan of Implementation and Political Declaration, the USA has an interest in contributing to the regeneration of Africa. This has been recognized in the world, namely the African Growth and Opportunity Act and the Millennium Challenge Account. These are most welcome, as are the African Education Initiative and contributions to the Global Health Fund, and should be applied in a manner that compliments Africa's transformation and development efforts, is consultative, not restrictive and that can benefit the widest possible number of African states.

The African Peer Review Mechanism will enhance African ownership of its development agenda, though a system of self-assessment that ensures that policies of African countries are based on best current knowledge and practices. An effective Mechanism, designed, owned and managed by Africans, must be credible, transparent and all-encompassing, so as to demonstrate that African leaders are fully aware of their responsibilities, and obligations to their peoples, and are genuinely prepared to engage and relate to the rest of the world on the basis of integrity and mutual respect. Therefore, the APRM must be independent and free from political

interference and country review reports will be made public. This will enable the Continent to make the necessary interventions in any situation considered to be at variance with the principles contained in these agreed documents. Apart from the above, a mechanism to ensure mutual accountability between Africa and her development partners is also being developed.

Increasingly, as the APRM comes into operation, there should be increased support for states meeting their good governance and democracy commitments. The USA needs to work with progressive leaders on the continent to consolidate the gains made in this field. This is the true spirit of partnership. It is important and welcome in this regard that a significant portion of the new resources announced at the Financing for Development Conference in Mexico have been explicitly targeted for Africa in the context of the G8 Africa Action Plan.

As regards to the immediate way forward, the Initial Action Plan must begin to be implemented with urgency. As first steps in the regard, states must begin to adopt the Declaration and put themselves forward for baseline reviews under the APRM and the APRM itself must be operationalized this year. The indices and benchmarks to measure good governance must be finalized in the next few months. The African Regional Economic Communities and individual states have to be intensively engaged in terms of G8 Africa Action Plan must be pursued with the G8 partners and the process of ensuring alignment and synergy between NEPAD and other processes and initiatives in Africa must continue. Every effort will be made to ensure that there is engagement with the business community and civil society on the continent in order to deepen ownership and to ensure NEPAD's long-term sustainability.

We are at a critical juncture in history. A core mass of leadership has developed both on the continent and abroad that are genuinely committed to the regeneration of the continent. Africa's advances in recent years and the convergence of agreement on international development goals and a common agenda for Africa illustrate this. Also, NEPAD provides three key new elements, namely it is African developed, managed, and owned; it brings the concept of a new partnership (with mutual commitments, obligations, interests, contributions, and benefits); and Africa is undertaking certain commitments and obligations in her own interests which are not externally imposed conditionalities.

Successes are already being registered. For example, there are accelerated and ongoing efforts to resolve Africa's major conflicts, negotiations to ensure the affordable supply and manufacture of essential pharmaceutical drugs in Africa are at an advanced stage, an African Energy Fund has been established to ensure the speedy implementation of cross-country energy infrastructure projects and the expended Okavango Upper Zambezi International Tourism spatial development initiative was launched during the WSSD. There is a sense of urgency now in moving from strategic development processes to implementation.

In conclusion, the conditions are set for the NEPAD objectives to be achieved. This unique opportunity must be firmly grasped, the present goodwill and momentum must be maintained and implementation of NEPAD must proceed without delay. For the sake of future generations of Africans, we cannot afford to fail. We invite the USA to be a partner in this historic endeavor. You have it in your power to make a difference and to decide how history will judge your contribution to the Renaissance of Africa.

Mr. ROYCE. Thank you, Mr. Pahad.

In your testimony you mention that the peer review process under the New Partnership for Africa's Development, that peer review mechanism will allow Africa, in your words,

“to make the necessary interventions in any situation considered to be at variance with the principles of NEPAD.”

What kind of interventions might these be?

Mr. PAHAD. Well, we, Chairman, are in the process now that an independent group of seven experts are working out the details of the benchmark and the indicators on the basis of which we will judge each other in terms of how we are responding to the demands of good governance, economically and politically.

We expect that that benchmark and indicators should be finalized by—at least by the end of the year. It is on the basis of that

we will seek voluntary membership through the African Peer Mechanism.

Mr. ROYCE. I see.

As I mentioned in my statement, the *Financial Times* today reported that key figures in the South African economy have spoken out that South Africa's response to Zimbabwe is harming South Africa's prospects, and I am not going to go into the destruction of the rule of law we have seen in Zimbabwe.

But I would like to know why it appears so difficult for African governments to condemn another regime's behavior. You know, from here what I see is the press photos of Mugabe on the podium at the African Union with other African leaders all smiling as if all is well. And you know, I have heard about back room diplomacy, but I have not seen any results that would indicate the situation is getting better in Zimbabwe.

Since we are talking about setting up a process to try to encourage following the rule of law, why do democratically-elected leaders of Africa, leaders with great legitimacy, why do they so readily associate with Mugabe in the wake of undermining the rule of law in an African state?

Mr. PAHAD. Chairman, let me at the outset say that African leaders either through the former Organization of African Unity and now the African Union through our subregional groupings, separate and bilaterally, we have been interacting consistently on issues of tension and crisis throughout our continent.

Specifically with regard to Zimbabwe, we have been in constant communication to see how we can begin to assist the Zimbabwean people to resolve the economic and political crisis.

I must start on the premise that we all accept that the land issue is fundamental to the solution of the Zimbabwean problem, indeed, of many of our countries in Africa. We have been on record as African leaders stating the fact that while we accept that the land issue is fundamental, it must be carried out within the rule of law, within the constitution, and in a way that does not create greater tensions politically and otherwise.

And we have hoped that the United Nations development initiative on the land issue will be an important initiative to depoliticize the land issue and enable the land issue to be tackled in a way that is transparent, open and within the law and the constitution that satisfies everybody. We hope that that process of the United Nations development program does get initiated sooner than later.

We as Africans believe quite strongly that wherever there are problems within any one of our countries we have got to work together to help the peoples of those countries resolve their problems. There is a Commonwealth initiative which has mandated the Presidents of South Africa, Australia and Nigeria to interact with all Zimbabweans to see whether we can get a dialogue going between the different political formations in Zimbabwe.

The three Presidents will be meeting with President Mugabe in Abuja, Nigeria on the 23rd of this month, and we hope that out of that will come some decisions that will help us help the Zimbabwean people to resolve their problem.

Mr. ROYCE. And I think I concur that South Africa is not going to be able to solve the problem of Zimbabwe. But in your remarks

you quoted Abraham Lincoln that all men are created equal, and what I am asking is that it seems South Africa asked the world to take a principled stand not that long ago, and it seems to me there is a principled stand to be taken with respect to food being used as a weapon today in Zimbabwe, with respect to the torture that is going on. I went to the torture convention, and a big part of the testimony this year was about torture in Zimbabwe.

There is a principled stand to be taken, and we are going to ask people from all over the world to invest in building institutions in Africa, which we should. But African leaders at times seem to value these institutions so little. And I make that point as one who hears from people with their individual circumstances and they are terrifying accounts of what is happening to black Zimbabweans today.

So I raise that issue.

Mr. PAHAD. Chairman, I want to reiterate that as Africans we share the concerns about the development of political and economic problems in Zimbabwe and elsewhere. And I want to say again that we are doing everything possible that is—will enable us to help normalize the situation and ease the tensions in Zimbabwe, because as you say Zimbabwe is fundamentally important—

Mr. ROYCE. Yes.

Mr. PAHAD [continuing]. To the future of all our countries in the region, and it is in the interest of the entire region to do everything possible to normalize the situation.

We have taken principled stands on this issue, Chairman.

Mr. ROYCE. Yes.

Mr. PAHAD. It is a question now is that—if people are asking and we are being accused of indulging in quiet diplomacy, well, our understanding is diplomacy by its very nature, there is no non-quiet diplomacy.

If there are suggestions being made by the international community of what else can be done, I am sure the African leaders within the framework of all the decisions they have taken will be willing to discuss this and see how we can cooperate to assist the Zimbabwean people to solve their problem.

Mr. ROYCE. Thank you, Minister.

I am going to go to Mr. Houghton of New York who has a few question.

Mr. HOUGHTON. Thank you very much, Mr. Chairman.

Mr. Minister, it is good to see you here. Thank you very much for your testimony. Thank you for your presence. Thank you for your leadership. You have a wonderful country. I am a big fan of your country, and for many reasons, not the least of which you have an extraordinary Ambassador here in the United States.

I would just like to pick up on the Zimbabwe issue just for a minute. That is not the main thrust of my comments. You know, you were talking about a partnership, and Zimbabwe, as far as I am concerned, and I pick it up from what Ed says if there is any partnership. And believe me my family and myself and my friends have invested in Zimbabwe, and that is just gone, finished, over. We cannot get in there to help.

So in terms of a partnership that you obviously espouse, you have got to keep your eye on that because it is going no place and

it poisons much of the feelings which we have toward the partnership.

But getting back to the significant issues of the partnership, what do you want us to do? In other words, you know, we talk about health and we can talk about education and we can talk about hands across the sea and working together.

Specifically, if somebody says here is a piece of paper, tell us what you want the United States to do with you, what would it be? When? How much?

Mr. PAHAD. Thank you. I think the United States—

Mr. HOUGHTON. I am a good straight man, am I not?

Mr. PAHAD. I think the United States is one of the major economic and political powers. What it does or does not do will have a major impact on whether NEPAD moves forward or not. And I want to believe that the AGOA was a good step forward. The Millennium Fund is yet another step forward.

But there are many more things that the United States could do. You could help us to deal with the priorities that we are talking about, capacity building, institutional building.

Earlier the question was asked, are we consulting with civil society? Yes, we are consulting with civil society, but the reality is in many parts of Africa there is not a strong civil society. We have to help develop an indigenous strong civil society both in the private sector and outside the private sector, the trade union movement.

I want to believe that in our fight against HIV/AIDS and infectious diseases. There is much we can cooperate on. We have to get a better understanding of our approach to dealing with this epidemic that is affecting many of our countries in Africa.

We believe that our discussions now with the pharmaceutical companies is beginning to show results in terms of working out a modus operandi to enable us to have sufficiently affordable drugs to deal with that problem. We can exchange more context on the question of private sector development.

But I think most importantly the pessimism and the negative perceptions that prevail in so many parts of the world need to be tackled, because investors work on the basis of confidence that their investments will be secure. And there is—I want to believe an exaggerated notion of what is a very insecure atmosphere and climate in Africa. I tried to indicate that we are trying to create a climate conducive for investments, and we have to encourage the private sector partnerships to develop much more.

I want to believe that the United States, as Secretary of State Powell said to the United Nations 2 days ago, is committed to see what else we can do creatively to move beyond the general agreements we have, move beyond the general ODA to see how we can creatively—it is not a question anymore of injecting resources in overseas development assistance. I think many of our countries need that. But how do you target overseas development assistance to ensure it enables us to restructure our economies and doesn't continue to sustain the donor syndrome, and the dependency that is so prevalent.

So it is a whole new paradigm shift in how we build the partnerships, I think, will open up many more new opportunities for the United States and Africa to cooperate.

Mr. HOUGHTON. All right, if I could just follow up on this a little bit.

In order to come here, in order to have this program, in order to feel as deeply as you do about it, you obviously had some reasons. I mean, whether it is capacity-building or in health or in things like this. But at some point, as they say, all great ideas ultimately degenerate to work.

And so the question is what are those things we would work on. We agree with you. We want it. And we fought for a long time with the African Growth and Opportunity Act. We fought for many of these things. We fought for the AIDS programs. We have not succeeded in many ways, but we want to do it.

But to parcel it out and give us something specific, I think would be very, very helpful, even in terms of some sort of a panel of how we get our teeth into this.

Mr. PAHAD. Absolutely right, Congressman.

I think what we are now doing, and it is ready now, having had five priorities for the African Development—New Partnership for African Development—agriculture, infrastructure, education, health, and information and communication technology with human capacity building, overarching—we are now working out concrete programs based on subregional initiatives throughout our continent.

And I think that once those concrete programs are on the table, we should then see what we can get into partnership to support and how we then bring into that not just government to government contact, but as I said, people to people contact, and that is mainly the private sector involvement. So those programs are being finalized. They should have been—in fact, some of them are already on the agenda. We will circulate that, we will circulate that and we will then be able to discuss more concretely how as partners we can contribute to the specific programs.

Mr. HOUGHTON. Thank you very much.

Mr. ROYCE. Thank you, Congressman.

In your opening document, one of the things you called for is greater access to developed markets for African goods. And I know that South Africa and its partners in the Southern African Customs Union is contemplating a U.S. offer to negotiate a bilateral trade agreement with the region, and I was going to ask what your views were on such trade agreement, and South Africa trade relations with the United States in general.

I was critical in my opening statements of the subsidies that America and other western governments use and how that undercuts agriculture production in southern Africa. That is an issue that I really want to see addressed, because it undermines our whole ability to assist growth in the African economy, and it is unfair.

But let me ask for your views and observation on it.

Mr. PAHAD. Thank you, Chairman.

I think we will be very keenly negotiating the SACU/USA free trade agreement. As you know, after many years of negotiations we

have only completed a few weeks ago the SACU Free Trade Agreement. We are moving hopefully more faster to get the SADC Free Trade Agreement resolved, and then we hope that our other sub-regional groupings, for instance, ECOWAS is moving much faster than even SADC, and we hope that the other three subregional groupings will also move faster to an integrated regional position.

We then are looking forward to us successfully concluding the SACU/USA Free Trade Agreement because we think that will give us greater opportunities for mutual beneficial relations, and it might make it possible for us to still overcome what we call the non-tariff restrictions on many of our exports.

Mr. ROYCE. Yes.

Mr. PAHAD. Which is a problem that most of Africa faces.

Mr. ROYCE. Yes.

Mr. PAHAD. And this is why your comments on subsidies are so important. For us, most of our countries in Africa are primarily exporters. And when countries in the OECD, for instance, have a subsidy of \$360 billion a year for the agricultural sector——

Mr. ROYCE. Yes.

Mr. PAHAD [continuing]. It is very difficult to see how our agricultural sectors can compete.

Now, they need to do that in order to have the resources to begin to transform the economy so that they begin to have an economy that is not just based on export of primary products. And so we are in a Catch-22 situation.

If the subsidies continue at the rate they are continuing, prices are kept artificially low in many ways. Our farmers cannot be competitive, and therefore our whole agricultural sector, the basis on which our economies function largely at the moment, cannot have any hope of breaking out of that situation.

So we would be very eager to see at the next WTO discussions and Kanakas and others took decision that this must be on the agenda, the whole question of subsidization, and we hope especially in Europe where this has been a problematic issue, that Europe will understand that it is a world of interdependence and give and take is absolutely necessary.

Mr. ROYCE. Well, I agree with you. And to the extent that we can, we should utilize the WTO to leverage for that type of trade liberalization, which I think in the long run is going to be a win/win all the way around, but it is certainly going to be important to South Africa and all of Sub-Saharan and Africa, I think you are absolutely right.

Well, Minister, I really want to thank you for your testimony here today. We have one other panel that we are going to go to, but we also have a vote pending. And again, we want to thank Ambassador Sisulu for her good work here on Capitol Hill on behalf of South Africa.

Mr. PAHAD. Thank you.

Mr. ROYCE. Thank you so much.

We are going to recess before we go to the second panel for this vote.

[Recess.]

Mr. ROYCE. We will reconvene at this time and introduce our second panel.

First, we have Mr. Stephen Hayes. He is President and Managing Director of the Corporate Council on Africa, an organization of 165 corporations operating in Africa. The mission of the Corporate Council is to promote U.S./Africa economic and trade relations. Its membership represents about 80 percent of all U.S. private investment in Africa.

Prior to becoming President of the Corporate Council on Africa in 1999, Mr. Hayes was involved in Africa in each of the past 4 decades, beginning with the U.N. Conference on Trade and Development, that fourth conference in Nairobi, Kenya in 1976.

We also have Ms. Vivian Lowery Derryck. She is a Senior Vice President and Director of Public-Private Partnerships at the Academy for Educational Development, a U.S.-based private voluntary organization.

From 1998 to 2000, she served as Assistant Administrator for Africa and the U.S. Agency for International Development, and prior to her USAID service she was Senior Advisor of the Africa Leadership Forum, an organization concerned with promoting democratic development on the continent.

From 1989 to 1996, Ms. Derryck served as President of the African-American Institute in New York.

We also have Mr. Adotei Akwei. He is the Director of Advocacy for Africa with Amnesty International USA. In 1999, he received the Washington Peacemaker Award from American University for his work promoting human rights values to university students. In December 2001, he received the 2001 Human Rights Award from the United Nations Association of the National Capital Area.

Before joining Amnesty International, he served as Africa Program Director for the Lawyers Committee for Human Rights in New York.

And I will remind our witnesses that the Subcommittee has reviewed your testimony and it will be entered in the record in its entirety. We would ask you to summarize your statements here today.

Thank you very much. We will start with Mr. Hayes.

STATEMENT OF STEPHEN HAYES, PRESIDENT, CORPORATE COUNCIL ON AFRICA

Mr. HAYES. Thank you, Mr. Chairman, Congressman Payne. I am pleased to be here with you today to discuss NEPAD, the New Partnership for Africa's Development. It is something that the Corporate Council on Africa feels very strongly about, and has a commitment to it.

Mr. Chairman, I would also like to salute your leadership and Congressman Payne's for—the two people who have probably more than any other congresspersons made AGOA possible, and the most important legislative act ever between the United States and Africa.

Now as you say, I am here today representing the Corporate Council on Africa, its 165 members ranging from the giant corporations such as Coca-Cola to small one-person companies. Collectively, they do represent about 80 to 85 percent of all U.S. private investment in Africa.

So we believe that the welfare of Africa is in the interest of the United States. We believe that there is a partnership to be built, and that NEPAD represents one of the very best hope upon which to build that partnership.

We are aware of the problems in Africa, but I do not think that most of us are aware also that economic growth on the continent grew faster this past 2 years than any other developing region in the world.

According to the report of the U.N. released just last month, only 16 countries in Africa experienced a GDP growth of less than 3 percent in 2001. That is down from 27 countries in the year 2000. These growth rates are among the highest in the world in the developing nations.

For this reason, I am encouraged by the concepts behind NEPAD plan, as Congressman Payne noted, and Congressman Royce both, this was created by Africans and for Africans, but one that I believe will require our active support if it is to be successful.

Mr. Chairman, I want to focus our attention on the mechanisms that are going to address Africa's challenges and sustain its successes.

As the leaders of the G8 countries did last month, in June, in Alberta, I think it is time to lend our support as a nation and as individual companies and organizations. We should not do so because—we should do so, I should say, not because it is a perfect document, but the plan is clearly not fully developed. We should support it because it represents the best aspirations and the best hope of Africa thus far.

I think we should be heartened by the concept itself as it integrates economic development with political and social development, and it brings together those who maintain economic development must proceed, political development with those that believe basic human rights must be an integral part of the plan.

Whatever successes may develop from NEPAD will require unity among key African leaders, support from nations such as the United States, and I think a great deal of time, patience and wisdom.

For this reason, I believe that the U.S. government and its private sector should actively engage with the leaders of NEPAD and provide support, including constructive criticism, necessary for their hopes and plans to take root.

As an organization, we intend to actively engage with NEPAD. We will do so as an individual organization by placing staff in southern Africa as we have already in east Africa, to work with the private sector, which is an important part of NEPAD. We will do so as a part of an international coalition of business organizations, which includes the International Chamber of Commerce, our French counterpart, CIAN, and the Commonwealth Business Council. And we will do so there by placing a staff common to our four organizations very close with in NEPAD.

And we will also work very closely with our government on the Millennium Challenge Account as a further incentive to build Africa.

Particularly, we will look at five principal areas to work on. They include: Increasing capital flows to Africa.

Africa's lack of adequate project financing and related expertise is a foremost impediment to the continent's economic and social development. Capital flows to Africa have declined over the past decade. It is the only continent in the world to have this experience.

Under the leadership of our current Chairman, Mr. James Harmon, we are developing a new plan for financing development in Africa. We believe old international models have not worked as they should. New approaches need to be created, especially from the private sector. We are working with NEPAD, the African Union on this, and we will convene our first meeting in New York tomorrow involving NEPAD people as well as the private sector.

We also will continue to work very actively on the Africa Growth and Opportunity Act. We think it is an important part of support for NEPAD. Even though it was not specifically intended to be that, I think that it is becoming an essential area. It is the only area of African—of growth, economic growth in Africa now showing, according to the Department of Commerce statistics released in June for the first time. So AGOA, I think, is important to be related to NEPAD.

We also, obviously, feel that the energy stakes in western Africa are rising. As America attempts to diversify its sources of petroleum and natural gas, western Africa is absolutely essential to our success as well. We must work much more closely with Africa on that front. By the year 2001, 25 percent of our oil and gas supplies will come from western Africa.

I believe also that regional integration is absolutely key to the success of Africa. I think we should work much more closely with the economic communities of Africa just as we are with the European Union. COMESA, SADC, ECOWAS are all built into the NEPAD plan, and those are the areas where I think we should be actively engaging with the economic unions of Africa. It will allow our goods to flow more freely throughout Africa, as well African goods back to the United States.

Finally, I think that we all also must address more actively HIV/AIDS issue. We are pushing our corporations to adopt policies for the workplace in Africa and encouraging every company in the United States that is working in Africa to work on this issue. AIDS is an economic issue. It is imperilling the most economically developed area of Africa, and I think it puts at peril not only Africa but the rest of the world. The corporation sector, in conjunction with the governmental sector of the United States, as well as the African governments must work together on this issue.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Hayes follows:]

PREPARED STATEMENT OF STEPHEN HAYES, PRESIDENT, CORPORATE COUNCIL ON AFRICA

Mr. Chairman and Distinguished Members of the Committee, I am pleased to be here with you today to discuss the newly formed New Partnership for Africa's Development (NEPAD) and its pivotal role in strengthening U.S.-African relations.

Mr. Chairman, the Subcommittee on Africa has exhibited a commendable interest in improving commercial ties between the United States and the African continent. This hearing today exemplifies the recognition that expanded U.S.-African business does not merely benefit individual businesspeople. It has a demonstrated effect on the political, social, and diplomatic elements of our engagement.

THE CORPORATE COUNCIL ON AFRICA

I am here today representing the Corporate Council on Africa (CCA) as its President and Managing Director. For nearly a decade, CCA has been at the vanguard of the U.S.-African economic relationship. The organization represents more than eighty percent of all US private direct investment in Africa, and it strives to enhance trade and investment between the United States and the nations of Africa. Our 160 member companies range from Fortune 100 multinationals, such as Coca-Cola, ExxonMobil, DaimlerChrysler and Caterpillar, to medium-sized enterprises (such as equipment exporters and commodity traders), to single-person upstarts. Our member companies come from every economic sector and nearly every state. I come here today representing that diverse constituency.

AFRICA'S OUTLOOK

Mr. Chairman, as the member companies of the Corporate Council on Africa would tell you, the need for engagement with Africa is undeniable. As the war against terrorism continues, our commitments must intensify, not wane, even though in spite of its potential, the continent has continued to fall short of expectations and goals. In fact, I would argue no other area of the world faces larger and potentially damaging challenges. No other people have to make more difficult decisions on such a routine basis.

Nevertheless, the outlook is not just pessimistic. Economic growth on the continent, more than four percent in 2001, grew faster than any other developing world region. According to a report by the United Nations released this month, only 16 African countries experienced GDP growth of less than three percent in 2001, down from 27 countries in 2000. The number of countries with growth rates exceeding three percent increased from 26 in 2000 to 37 in 2001. Per capita income on the continent grew 1.9 percent in 2001, up from 0.7 percent in 2000. In 30 African countries, per capita income exceeded 1.5 percent.

Some of the developing world's biggest economic, business and political success stories can be found in African countries, like Senegal, Mozambique, Botswana and Mauritius. These successes tend to be buried underneath all the problems. Although the world now knows Africa is not merely a single country, we still, unfortunately, tend to lump the continent's 53 nations together in our collective mind set. The problems of some complicate the lives of all.

NEPAD

For this reason, Mr. Chairman, I am encouraged by the concepts behind the New Partnership for African Development (NEPAD), a plan created by Africans for Africans, but one that I believe will require our active support if it is to be successful. Mr. Chairman, I want to focus our attention on the mechanisms that are going to address Africa's challenges and sustain its successes. At this time, I see no better vehicle than NEPAD to do this.

Over the last fifty years, perhaps the greatest flaw in African development efforts is the fact that the other nations and multilateral institutions have on too many occasions imposed their models onto Africa when they were not necessarily appropriate for local practices and needs. NEPAD is the first comprehensive approach to African development by Africa and it deserves our serious consideration and cooperation. Whereas virtually every other large-scale plan for Africa or the developing world was conceived by international developed community and exported to Africa, NEPAD's evolution took the opposite path. It came directly from the continent itself, from four of the continents' most dynamic and committed leaders: Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria, Abdelaziz Bouteflika of Algeria, and Abdoulaye Wade of Senegal. And now Africa is presenting its plan to the international community. As the leaders of the G8 countries did last month in Kananaskis, Alberta, it is time to lend our support. We should do so not because it is a perfect document. The plan is clearly not fully developed. It is an ongoing work that will require progress, and at times will certainly meet difficulties. We should support it because it represents the best of aspirations and the best hope, thus far, for Africa.

We should be heartened that the concept itself integrates economic development with political and social development. As such it brings together those who maintain that economic development must precede political development with those who believe that basic human rights must be an integral part of any plan. What Africa wishes to achieve is nothing short of the same rights that we have so often taken for granted.

Clearly there are many obstacles in the way of achieving these goals quickly. There are thousands of cultures throughout Africa, and a variety of governance systems, ranging from monarchy, autocracy, near-anarchy, authoritarianism and democracy. When one then adds to the chemistry the volatility of egos in leadership, one can understand the tremendous challenge the Africans are placing upon themselves, all for the hopes of a better continent filled with stability, greater economic equality, and increased human dignity. NEPAD attempts to address all aspects of development.

The heart of NEPAD is a break with the past on governance and accountability. Built into NEPAD is an African Peer Review mechanism that will underscore attempts to reduce the policy reversals and missed targets. The architects are keenly aware of the connection between openness, democracy and rule of law, and performance and prosperity. They are also aware of the millennia of different traditions throughout Africa, the centuries of an all too recent colonialism, the divisions created by the Cold War, their own divisions created by wars for power and wealth, and their own complex relationships that make peer review both necessary and so very difficult. Whatever successes may develop from NEPAD will require unity among key African leaders, support from nations such as the United States, and a great deal of time and wisdom. For these reasons I believe that the United States government and its private sector should actively engage with the leaders of NEPAD and provide support necessary for their hopes and plans to take root.

CCA has supported the ideas that have led to NEPAD since its genesis. More than two years ago, in Davos, Switzerland, our then chairman of the board of directors of CCA, Mr. Maurice Tempelsman, met with Presidents Obasanjo, Mbeki and Bouteflika to discuss the concept. Since that meeting, CCA has hosted each of these leaders in the United States in order to continue to build support for NEPAD. Mr. Tempelsman sent staff to work with Wiseman Nkuhlu and others who worked to convert its principles into reality. As recently as last week we met with Mr. Nkuhlu and his staff to plan how the international private sector may more effectively work with the NEPAD secretariat.

Most recently, CCA was named U.S. Representative for the Steering Committee of the NEPAD Business Group. The NEPAD Business Group comprises the world's leading business organizations and will act as the medium between NEPAD and the private sector. Other organizations in this coalition include the Paris-based International Chamber of Commerce, the Commonwealth Business Council with headquarters in London, Conseil Francais des Investisseurs en Afrique (CIAN), and the leading French-African business association. Many other business-related organizations will be a part of this network.

Mr. Chairman, what I have said so far is doubtfully little different from what many others have said or will say in support of the NEPAD. Where my organization will be most supportive to the U.S.-African partnership, and to NEPAD, is in three core areas: it will continue to champion Africa's economic importance to the United States, it will work to transmit successful American practices and expertise, and it will identify tangible business opportunities for U.S.-African commercial alliances. Permit me to touch upon some critical parts of these objectives:

Increasing Capital Flows to Africa: Africa's lack of adequate project financing and related expertise is a foremost impediment to the continent's economic and social development. Capital flows to Africa over the past decade have declined. It is the only continent that has had this unfortunate experience. Under the leadership of our current chairman, Mr. James Harmon, we are developing a new plan for financing development in Africa. We believe old international models have not worked as they should, and new approaches need to be created to more involve the mainstream private financial sectors. This week, a CCA Commission on Financing and Capital Flows to Africa will hold its first meeting to begin to lay the groundwork for the plan from the private sector. The commission will include private sector financiers and experts, and appropriate high-level representation from Africa. We will consult closely with the leaders of the NEPAD. The recommendations of the commission will be ready this spring for inclusion in the Kyoto conference and in time for the CCA US-Africa Economic and Trade Summit to be held in Washington in June 2003.

The African Growth and Opportunity Act (AGOA): AGOA has the potential to turn sub-Saharan Africa into the world's next textile and manufacturing hub. Anecdotal evidence suggests that AGOA's incentives have generated nearly \$1 billion in investment and U.S. imports of goods covered by the act are increasing dramatically. The Corporate Council on Africa is playing a leadership role in the development of AGOA. We are now training 60 African business leaders from 36 African nations to implement the bill's provisions. We are conducting 16 workshops in Africa and 35 workshops and meetings in the United States this year to continue to develop the trade links between the United States and African countries.

Western African Energy: U.S. energy stakes in western Africa are rising. As America attempts to diversify its sources of petroleum and natural gas, Western Africa is going to become one of the most strategic regions of the entire world. U.S. imports of oil and gas from countries such as Nigeria, Angola and Equatorial Guinea, will likely surpass 20 percent by 2004 and 25 percent of our total supply by 2010. Continued engagement with this region will insure stability of supply, a favorable business climate for U.S. firms, and potentially immense economic benefits for the countries involved. Without economic development for all citizens in these regions, however, the risk of instability could remain moderately high.

More than 90 percent of American business with Africa is energy-related, and virtually every major energy company in the United States is a member of the Corporate Council on Africa. Since the organizations' founding, CCA has played a pivotal role in supporting the U.S.' energy interests in this region, and we will work alongside NEPAD to guarantee that this proceeds.

Regional Integration: As exemplified by NEPAD itself, Africa is reorienting itself regionally. Trade barriers are breaking down. Intra-African business is increasing. We are seeing new and improved transport networks. It is CCA's intention to work with each of the major regional economic bodies to insure maximum cooperation between the U.S. and African private sectors.

In June, CCA sent two staff members to the COMESA offices in Lusaka to assist in capacity building, including computer and data-processing training, and in the development of partnerships between American and East and Southern African businesses. If this pilot program proves successful, as we believe it will be, we will use it a model for an initiative in other African regions. I know of no other US organization that is so actively working with the economic communities of Africa.

We believe that a key to African economic development, and to greater US private investment in Africa will be the success of the regional economic communities of Africa. The support of the regional economic communities is an important component of NEPAD. Stronger economic communities will mean greater economic opportunity for a growing business component throughout Africa.

HIV/AIDS: No discussion of U.S.-African relations or Africa's development can take place without consideration of the HIV/AIDS pandemic, and NEPAD is a key entity for engagement. The fact is that the rate of the spread of AIDS will not be reduced without leadership from the African continent. All the new medicines and all the education available will not have significant impact without coordinated leadership from Africa itself. This is another of the goals of NEPAD that deserve our active cooperation and support. CCA will continue to integrate the corporate sector into dialogue. In line with NEPAD, we will examine how our corporate members may contribute to national and regional health planning groups so that HIV/AIDS and other diseases affecting economies of Africa may be eradicated.

Mr. Chairman, in an editorial published in the days after the attacks of September 11, United States Trade Representative Robert Zoellick intimated that open markets and the promotion of private enterprise are some of the best tools we have in spurring liberty around the world, complementing our alliances, and strengthening American capabilities. This holds particular resonance for our relationship with the African continent and NEPAD may represent our best opportunity to help ourselves and Africa at the same time.

Thank you.

Mr. ROYCE. Thank you, Mr. Hayes.

We will now go to go to Ms. Derryck for her comments.

STATEMENT OF VIVIAN LOWERY DERRYCK, SENIOR VICE PRESIDENT, DIRECTOR, PUBLIC-PRIVATE PARTNERSHIPS, ACADEMY FOR EDUCATIONAL DEVELOPMENT

Ms. DERRYCK. Thank you, Mr. Chairman.

Mr. Chairman and distinguished Members of the Subcommittee, a huge thank you to the Subcommittee for convening this hearing.

The New Partnership for African Development, NEPAD, is one of the most significant African-inspired initiatives of the past quarter century, and the Subcommittee's acknowledgement of this potential sea change gives a major boost to the continent's prospects for making NEPAD a success.

I have submitted my longer testimony with revisions for the record. Today, I will just discuss three areas of particular significance, and then offer some suggestions as we move forward.

I am doing this in my personal capacity, not representing the Academy for Educational Development, although AED works in 80 countries worldwide as well as in several countries in Africa.

The NEPAD is an ambitious African initiative with the stated twin goals of poverty eradication and socio-economic development. It is unique because it aims to promote African ownership of the continent's development process, and to build peer support for improved governance. It deserves our strongest and enduring support.

There are several laudable aspects of NEPAD, but let me just note a few.

First of all, it is African-conceived, African-designed, and African-led. It holds African leaders accountable for the continent's current plight and for its future development. It offers the opportunity for countries to establish new long-term relationships with donors, and it acknowledges the tripartite partnership of government, civil society and the private sector, which is so essential for long-term development.

It specifies that the private sector is a necessary engine for economic growth, but lastly, NEPAD operates with transparency, and that is really so very important for Africa.

But the real breakthroughs for NEPAD are peer review and donor partnership. NEPAD is still being formed so any assessment is necessarily tentative, but for me there are three areas of special significance: NEPAD's priorities, its implementation and peer review. I hope that what I am going to say are going to be constructive observations on each of these.

The NEPAD priorities are really very, very extensive and they have been well thought through into six priorities and four fast-track programs, including HIV/AIDS as one of those fast-track programs. But there are too many priorities. Since NEPAD's mandate centers on sustainable development, it could reasonably focus on the priorities of peace and security, economic and corporate governance, infrastructure development and agriculture, and add the priority of education plus these four priority fast tracks. Then it could assign the remaining priorities of market access, debt reduction and FDI to other regional or subregional institutions.

In regard to implementation, there is a very comprehensive implementation program, but it needs amplification about NEPAD's relationship to ongoing development programs and how it will deal with policy issues.

The plan also needs more detail on policy coordination because the plan explicitly states that it will not supplant existing relations, but it is unclear as to how it will deal with existing ongoing programs such as the PRSP, the Poverty Reduction Strategy Plan. Nor does the plan indicate how it is going to deal with implementation strategies for new programs designed under NEPAD. This is an important issue which I think is going to be raised in South Africa next month.

The implementation plan envisions 53 implementation committees, one in each country of the continent. I am concerned about the technical competency to staff such committees, and about the

cost of it. The elaborate implementation infrastructure may be a bureaucracy in the making. So NEPAD has to be careful not to let implementation infrastructure overwhelm the purpose of the initiative because cars and offices and staff are notorious gobblers of needed resources.

The third significant area is peer review. This concept is really unprecedented and really deserves our strongest constructive support. Since the peer review mechanism is still evolving, this is, I think, an opportune time to share a few observations about it.

The tone of the peer review documentation strikes me as straightforward but very coaxing. Peer review will be voluntary, so countries have to be proactive in wanting to participate. The process is going to be managed by a panel of five to seven eminent persons, supported by a secretariat. Four types of review are envisioned.

But consider the timing. The APRM is understandably a deliberate mechanism, but it is slow and cumbersome. The time that it takes between a country's decision to formally accede, develop a plan of action, host an APRM assessment mission, and agree to its findings, is going to be 15 months to 2 years. Moreover, APRM will not be able to act quickly in case of an obvious violation.

The voluntary nature of participation may lead to a peer review process that cannot review miscreants because they have declined to join the mechanism.

Then there is the question of bureaucracy. The document proposes a separate secretariat to carry out the reviews, support the panel, et cetera, but this is going to be costly. But in this particular instance, I think that the cost is necessary because it ensures autonomy.

At the end of the day, the question for me is what happens if countries decline to participate in the APRM. But even with these questions and concerns, I think that donors and governments should fund this secretariat.

Now a few recommendations. There are others in my testimony, but I am just going to highlight four here.

Donors and supporters need to work with African governments to assure that the peer review mechanism is not too complicated for determining when to intervene, and that it allows for interventions to occur fairly rapidly.

Donors should stipulate that those countries eligible for increased assistance under NEPAD must be participants in the APRM process.

The United States should consult with African ministers of finance, planning, agriculture, education, health, and local government, to ensure that the priorities complement each other and that there is policy coherence.

Lastly, we should urge stronger consultation on NEPAD by all those involved. There is constant talk of NEPAD's failure to mount extensive consultations with civil society and the grass roots. The NEPAD plan itself expresses concern and notes that NEPAD cannot succeed without civil society and private sector support.

In conclusion, Mr. Chairman, prospects for NEPAD look good. There is strong U.S. support. The core principles of NEPAD and the Millennium Challenge Account are the same: Good governance,

transparency and prudent financial stewardship, and investment in education and health. Secretary Powell endorsed NEPAD recently at the U.N. Overall, however, NEPAD targets will need to be scaled back and so too will the resource goals.

Mr. Chairman, NEPAD is the last best hope for African development. Its unprecedented emphasis on African accountability and partnership among African states could signal a new era for African sustainable development. Rightly or wrongly, the donors are critical to NEPAD. Africa itself does not have the money to implement this ambitious initiative. Donor support will be largely shaped by the peer review mechanism, and linked to an African demonstrated willingness to challenge leaders on inappropriate behaviors.

Mr. Chairman, NEPAD is new and bold, and deserving of U.S. public and private sector engagement to strengthen an innovative African initiative to secure the continent's future.

I thank you.

[The prepared statement of Ms. Derryck follows:]

PREPARED STATEMENT OF VIVIAN LOWERY DERRYCK, SENIOR VICE PRESIDENT, DIRECTOR, PUBLIC-PRIVATE PARTNERSHIPS, ACADEMY FOR EDUCATIONAL DEVELOPMENT

I. INTRODUCTION

I'd like to begin this testimony with a major thank you to the Africa Sub-Committee for convening this hearing. The New Partnership for African Development (NEPAD) is one of the most significant African-inspired initiatives of the past quarter century. The Sub-Committee's acknowledgment of this potential sea-change is a major boost to the continent's prospects for making NEPAD a success.

NEPAD is an ambitious African Initiative with the stated twin goals of poverty eradication and socio-economic development. It aims to promote African ownership of the continent's development process and build peer support to encourage improved governance. Senegalese President Abdoulaye Wade described NEPAD as African conceived, African designed and African led.

The initiative is based in the realization that African continent, mired in poverty, will continue to hobble along at the margins of the world's advancement without radical changes in governance and economic policies. NEPAD responds to a hard-headed assessment of current realities: ODA has declined for a decade, FDI has sunk to all time lows, and HIV/AIDS is ravishing the educated workforce of the continent.

This bleak assessment caused Nigerian President Olusegun Obasanjo and South African President Thabo Mbeki to conceptualize the African Renaissance, which was refined as the Millennium Action Plan. The MAP was later joined by the Omega Plan of President Wade of Senegal. President Bouteflika of Algeria brought a welcomed Maghreb perspective as the various plans coalesced into the New Partnership for African Development (NEPAD).

NEPAD presents a far-reaching and courageous vision. The plan is unprecedented, for after obligatory references to the evils of colonialism, it acknowledges African leadership failures and accepts African responsibility for the continent's current plight.

II. BACKGROUND

In essence, NEPAD is the development arm of the new African Union, the 53-nation successor to the now-discredited Organization for African Unity. The AU, largely modeled after the European Union, has three critical components. The AU plans to establish a Security Council that will be comprised of a 15 member rotating body that can authorize peacekeeping interventions. When formed, this African Security Council will focus on resolving conflicts and establishing modalities for national and regional security. The AU also plans to create an African Parliament.

But it is the third component that brings us together today, the economic development arm of the AU, the New Partnership for African Development (NEPAD). NEPAD emerges from a confluence of assessments and acknowledgments. The inter-

national development community has acknowledged the failure to achieve sustainable development in the world's poorest continent. At the same time, donors have been concerned about minimal results from billions of dollars invested in Africa in the past 35 years. African and donor concerns were echoed in the multilateral system as well. Indeed, at the UN International Conference on Financing for Development, convened in Monterrey Mexico in March, 2002, the Monterrey Consensus reinforced commitment to a new relationship between donors and developing nations, with a focus on partnership.

NEPAD is still being formed, so any assessment is necessarily tentative. Nevertheless, NEPAD seems to be a departure, at least in documents, from old strategies and methods. If African nations really follow the tenets as outlined in the *Progress Report and Initial Action Plan* (June 2002), *The African Peer Review Mechanism (APRM)*, and the *Declaration on Democracy, Political, Economic and Corporate Governance*, NEPAD offers significant opportunities to view sustainable development through a different lens.

1. NEPAD presents the opportunity to restate the relationship between the individual and the state, if—and given past history it's a big if—participating governments reverse course and adhere to new pledges and signed covenants committing them to respect human rights, as well as economic and political rights for women and minorities.
2. Second, NEPAD offers the opportunity of powerful collaboration within Africa on matters of central substance. But South Africa will have to be very careful not to dominate the process, lest collaboration give way to a feeling that national interests will predominate regional solidarity. The fact that South Africa's regional investment arm, the IDC is featured on the NEPAD website is not a good omen in this respect.
3. Third, NEPAD offers the opportunity for countries to establish new relationships with donors. While the implementation plan is extremely ambitious, there are opportunities to collaborate to reduce reporting redundancies, promote better donor collaboration, reduce corruption, and rebuild a climate of mutual respect.
4. Fourth, NEPAD acknowledges the tripartite partnership of government, civil society and the private sector for long-term development and specifies the private sector as a necessary engine for economic development.

Importantly, overarching all of these opportunities for change, NEPAD presents a new way of doing business. It is operating with unprecedented transparency and deserves high marks for its comprehensive web-site, frequently updated, and the general availability of information.

III. NEPAD ORGANIZATIONAL STRUCTURE

NEPAD has an elaborate organizational structure and complex implementation strategies, all overseen by a permanent secretariat established in Pretoria. NEPAD is based on a three-pronged strategy consisting of: 1) "establishing conditions" for sustainable development; 2) identifying priority sectors to attack poverty and "reverse the marginalization of Africa;" and 3) mobilizing "resources from within and outside the continent for effective implementation of policies programs and projects." (NEPAD Progress Report and Initial Action Plan, para 27, June 2002)

1) Establishing Conditions for Sustainable Development

This first prong of the strategy is the heart of NEPAD. Leaders are convinced (rightfully in my view) that they must end conflicts to pursue development and attract resources necessary to the continent's development. Ending the conflicts requires changes in leadership behavior in some countries, with new commitment to good governance and probity in financial management. NEPAD offers structures to aid in ending the conflicts and support good governance and economic transparency.

Countries must qualify for membership in NEPAD by adhering to basic tenets of good governance—support for rule of law, competition for the right to govern, participation by the population, civilian control of the military, respect for human rights and government transparency.

Two key components help create the conditions for ending conflict and establishing a climate more receptive to sustainable development, the NEPAD Peace and Security Initiative and the African Peer Review Mechanism (APRM).

1. NEPAD Peace and Security Initiative. This initiative is being developed to support mechanisms for and processes of conflict prevention, management

and resolution and peacekeeping initiatives. One assumes that it will be closely tied to the AU unit and its Security Council.

2. African Peer Review Mechanism (APRM). According to the implementation plan, the African Peer Review Mechanism encourages countries to share positive experiences and best practices to promote political stability and economic growth. The assumption is that if leaders are accountable and willing to monitor and rebuke those countries which are impeding development through promoting conflicts and violence, those leaders will gain the support of the international community, both donors and the private sector. For many Western donors, this covenant of clear up your act and we'll support you is the heart of NEPAD.

The language in the document is tentative. Peer review will be voluntary. Countries have to be proactive in wanting to participate. The process will be managed by a panel of five to seven eminent persons, supported by a secretariat. It is not yet clear whether the secretariat will be independent or be dominated by lead states. The panel will report to a committee of heads of state and government. Four types of review are envisioned which will provide for continually updated knowledge of the state of democracy and governance in participating countries.

The concept is unprecedented and deserves constructive support. While the APRM is still evolving, there are some areas of concern, including the following.

1. Timing. The APRM is understandably a deliberate mechanism, with ample opportunity for consultation and dialogue. It would seem that the time between a country deciding to formally accede, develop a time-bound Program of Action, host an APRM for a base-line assessment and review and agree to its findings would take from 15 months to about two years. APRM doesn't seem to be able to act quickly in case of obvious violation of good governance tenets articulated in Declaration.
2. Voluntary nature of participation. Time will tell as to which nations join, but a peer review process that cannot review miscreants because they have declined to join will not serve the purpose of this fundamental covenant of NEPAD. What if countries decline to participate? I would suggest that donors determine those countries eligible for increased assistance under NEPAD must be participants in the APRM process.
3. Bureaucracy. The document proposes establishment of a Secretariat to carry out the reviews, support the Panel of Eminent Persons and to provide technical advice to the ultimate decision-makers, the heads-of-state. A separate, independent secretariat is important in this politically sensitive area, but it will be costly. Governments should consult with donors to work out modalities and fund this secretariat.

Priority setting has seemingly taken a good deal of time. Six priorities were established and task teams assigned to elaborate on the priority areas. The six sectors are: Peace, security, democracy and political governance; Economic and corporate governance; Infrastructure development; Central Banks, African Development Bank and financial structure; Market access and agriculture; and Debt reduction and foreign direct investment (FDI).

Apparently, in discussion, major omissions were mentioned, and the need to further refine and sequence was raised. Consequently, the implementation sector of the core document calls for four programs to be fast-tracked: Communicable diseases; HIV/AIDS, malaria and tuberculosis; Information and communications technology; Debt reduction; and market access. The programs are to be implemented "in collaboration with development partners."

Assessing NEPAD Priorities. While we are all aware of the plethora of problems facing Africa, there are too many priorities in NEPAD. The program is too ambitious. There needs to be clear articulation of fewer priorities. If NEPAD's mandate centers on sustainable development, why not focus on peace and security, economic and corporate governance, infrastructure development and agriculture, and assign market access, debt reduction and FDI to other regional or sub-regional institutions such as the AfDB or ECA.

Although there are too many priorities, one priority that is not clearly articulated is education or human capacity development. Although it is mentioned in the implementation plan (para. 186) it is surprising that human capacity development is not one of the fast track programs. The acute shortage of trained manpower, the dismal under-investment in education and dismaying literacy rates of less than 50 percent in many countries present compelling evidence that lack of education is the key impediment to the continent's sustainable development. Education should be high-

lighted as a discrete priority among the core six priority areas and, with HIV/AIDS, ranked as a priority within the four fast-track programs.

Another concern is implementation of NEPAD's vision and programs. Wisely, NEPAD does not seek to replace existing bilateral and multilateral programs. Nor does it hope to coordinate them. While the Plan is clear in explicitly stating that it will not supplant existing relationships, in my reading, the plan is unclear as to how it will deal with major development issues. Take the World Bank's widely discussed Poverty Reduction Strategy Paper process. Critics from both donors and affected governments have debated the complexity and utility of the process. Will NEPAD take a position on preparation of PRSPs or similar donor initiatives?

While NEPAD will collaborate with and complement existing programs, it is a new program. This ambitious program is to be implemented through Implementation Committees in every country. I'm concerned about technical competency and cost. If the continent suffers from a lack of trained professionals, exacerbated by a brain drain, will it be difficult to find personnel to staff, liaise with local representatives, monitor and evaluate in 53 countries? It's probably too early in the process to have accurate cost estimates, but it will be expensive to support such committees across the continent.

A similar implementation concern involves the heads of state. These men will play major roles in implementation and decision-making in NEPAD. Indeed, the heads of state will be responsible for initial briefings to the sub-region, leading task forces and making decisions on peer review. They, too, will need strong technical advisers.

There is constant talk of the failure of NEPAD to mount extensive consultations with civil society and the grass roots. Indeed, the NEPAD Plan itself expresses concern, noting that NEPAD cannot succeed without civil society and private sector support. Perhaps the Implementation Plan can be to build on civil society and private sector expertise in a voluntary capacity to build local networks and implementation committees.

IV. ASSUMPTIONS, CHALLENGES AND CONCERNS

1. This is a contract among African states, which will to a considerable degree be dependent upon partnership with donor countries for resources, particularly for funds to support cross-border linkages. The implied deal is that as Africans become accountable for ending conflicts, good governance with respect for human rights, and economic transparency. In return, donors will provide increased aid with less reporting redundancies. The Implementation Plan (Para 183) discusses need for mutually agreed performance targets and standards. But what happens if targets aren't met? Donors and supporters need to work with African governments to ensure that African governments have a mechanism to respond to conflict situations that isn't too complicated for determining when to intervene and that allows for the interventions to occur fairly rapidly.

2. Donors are going to be supportive. Ultimately, for NEPAD to succeed, there must be collaboration with donors. The prospects are good because goals are the same. Indeed, some of the tenets grew out of ECA Big Table Meetings of Finance and Development Ministers with donors.

3. Donors are going to increase ODA. To succeed in such terms as reducing poverty to meet the Millennium Development Goals, NEPAD requires a 7 percent growth rate for next 15 years. This is highly unlikely given recent performance as well as the challenge of HIV/AIDS and the drag on economic growth which that awful pandemic will entail. Targets will need to be scaled back. So, too, will the resource goals. The organizers of NEPAD seem quite clear that an annual additional investment of \$64 billion will be required from domestic and international sources. This is highly unlikely given the poverty of the countries and donor trends. The recently announced increased is planned aid from the US and EU, if delivered, will bring aid levels to Africa back to those of the early 1990s, i.e., an addition of perhaps \$7billion by 2006 over the current level of about \$13 billion/year. Private foreign investment could make up some of the gap, but so far such investment has been limited to very few sectors and to relatively modest amounts.

So the game will be played slower than planned. Like so much else in the world, it will depend upon solid performance and step-by-step growth. That performance will have to be accountable. But donors have a chance to change the quality of their aid along with Africa. Africa seeks longer term commitments, mutual accountability for performance, less project aid and more sector and program aid. In a climate of increasing focus on program performance, such changes should be increasingly feasible and welcome by the donors, including the U.S.

4. Private sector will play a major role. Not only NEPAD, but the whole of development is looking increasingly to the private sector through investments and public-

private partnerships to accelerate development. At the recent World Summit on Sustainable Development in Johannesburg representatives of more than 700 companies participated, demonstrating significant interests in new development partnerships. Yet there is a danger that too much weight is being placed on such collaborative efforts. . . . The danger for the private sector is that unrealistic expectations are raised about what it can achieve. . . . And the private sector is rightly reluctant to take responsibility for issues such as healthcare that are more properly handled by the public sector. . . . Governments must bear the continuing burden of such programs and can be held accountable by their peoples. . . . In the end governments . . . must play the leading role.

V. NEPAD AND THE MILLENNIUM CHALLENGE ACCOUNT

The Principles of NEPAD and the MCA are the same: good governance, transparency, investment in education and health. If present plans hold, MCA will come on stream in 2005. The U.S. should consult with African ministers of finance, planning, education, health and local government to ensure that priorities dovetail.

VI. CONCLUSION

NEPAD is the last best hope for African development. Its unprecedented emphasis on African accountability and partnership among African states could signal a new era for African sustainable development. Its goals of the eradication of poverty and socio-economic development are shared by the international community; their good will and resources are crucial to NEPAD success.

NEPAD will require a phased increase in donor support. That donor support is likely to be linked to an African demonstrated willingness to engage leaders on inappropriate behaviors. But there are other ways that donors and the international community can be helpful. The international community can use the DRC peace-keeping initiative led by South Africa to model a NEPAD framework for security and the peer review process. Donors can support the African desire to use of African scholars for analyses required for NEPAD implementation. And finally, Africans and the international community can support ECA as a NEPAD partner as the cognizant UN body with resident expertise and the confidence of both donors and African leaders.

NEPAD is new and bold and deserves U.S. engagement to strengthen an innovative African initiative to secure the continent's future.

Mr. ROYCE. Thank you, Vivian. Mr. Akwei.

STATEMENT OF ADOTEI AKWEI, AFRICA ADVOCACY DIRECTORY, AMNESTY INTERNATIONAL USA

Mr. AKWEI. Thank you, Mr. Chairman, and Congressman Royce. It is a pleasure to be up here, and also to continue to work with the Subcommittee which has been such a leader on African affairs and African issues, and also on human rights issues.

I am mostly going to summarize my points to five. The first one being the lack of specificity and details on human rights principles.

The document, I think, we understand, is going to be going through certain evolutions and development, but it was a little disappointing and disturbing that there was not the inclusion of what had already been achieved in Africa; for example, the African Charter, its inclusion into the NEPAD principles; the OAU mechanisms; the commitment to create an African court.

Now, these are things that were mentioned by Minister Pahad, and I think they may have been added now, but certainly the grounding of those principles in the early versions of the document would have gone a long way toward making people feel confident that NEPAD was as serious about development as it was about developing a culture of democracy and human rights.

Echoing on Ms. Lowery's comments about consultation with civil society, we were also concerned that even if it happens now, it seems to be symptomatic or representative of a static perception of

civil society and its relationship with African governments. For too long African governments have viewed civil society as camouflage or surrogates of opposition movements. There is a legitimate and important and essential role that civil society organization can play and will have to play if NEPAD is going to succeed. And certainly Africa's challenges need all of Africa's resources, and the exclusion of civil society and the kind of distance and distrust will have to change if all of Africa's mental and human resources are brought to the table.

We would certainly support the idea of a return of the document for further consultation once again. If NEPAD is a process, then certainly it can afford to go back and be vetted with the people that it is supposed to be benefitting as much as it has been vetted with the people who are going to help it succeed here in the United States.

The third area of concern is on democracy and governments. Again, we would have hoped that NEPAD would have incorporated and built on existing Africa standards such as those that have been created by the U.N. Economic Commission on Africa. It is not just a question of acknowledging Africa's contribution to democratic standards, but it also would have helped speed up NEPAD's implementation and enforcement process, something that they are now going to have to be faced with, which leads us straight to the APRM.

As a mechanism to ensure confidence in an impartial and vigorous vetting and monitoring of African governance, I think civil society groups would have to say that the APRM does not meet the challenge. That is not to say that it is not a vehicle that can be fixed. Certainly it can be amended, and I would certainly echo Ms. Lowery's comments about the fact that these are constructive criticisms. You do not need to throw out the baby with the bath water.

But the APRM as currently constituted leaves African governments and their democracy and human rights implementation as well as other areas of NEPAD to be monitored by people who are selected by other African governments. I think we would all agree that this may not do the job of inspiring investor confidence.

The other reason that the governance and democracy initiative needs to be strengthened and include these international and African standards is to reflect Africa's place and membership in the global community. If Africa is going to be an investor, an investment market, it should also be part of the community that abides by the same democratic principles and rules.

And I would go on to say that they will not be able to avoid dealing with the crisis in Zimbabwe for very much longer, and it is unavoidable that it is going to taint peoples' perceptions of how serious NEPAD is.

One would also argue that NEPAD—that the Zimbabwe crisis needs to be addressed because of the need for consistency.

Behind Zimbabwe one had elections in Madagascar. We had questionable elections in Zambia that were condemned as not being free and unfair. And in the future we have key elections coming up in Kenya and Nigeria. If you do not set the principles clear now, you will never get the straight. And so it is important that these African governments understand that the very principles that they

will have to work hard on establishing now, and the consequences for meeting those principles will help benefit them later on, not only when they are trying to seek investors, but also when they are trying to police their own membership.

The fourth area deals with the empowerment of woman, and this is one area that truly suffered from the lack of consultation with women's groups. There are key challenges that African women face, both constitutionally in some countries, but also in cultural and in legal practices. African women face domestic violence, they face rape, they face the issue of HIV/AIDS. All of these are going to be priorities for NEPAD. They are going to have to need a consultation with civil society and women's groups in Africa, and I suspect that that will happen. It would have been good if it had happened earlier on.

And finally, the need, I think, for matching commitment and leadership from the donors, from the investors, the kinds of codes of conduct that African and other international organizations have been trying to create; for example, for good business practices, for transparent finances, and the kinds of standards that are good for the United States are good for Africa, and that kind of commitment is going to need to happen, not only in the business area, but also in the issue of enforcing small arms restrictions and other things that undermine security in Africa.

So I think that this is an incredibly important initiative. It certainly represents dynamic thinking and a commitment from the leadership, but it missed one of its key resources, and I think that it is going to go through several evolutions.

Thank you.

[The prepared statement of Mr. Akwei follows:]

PREPARED STATEMENT OF ADOTEI AKWEI, AFRICA ADVOCACY DIRECTORY, AMNESTY INTERNATIONAL USA

Chairman Royce and members of the Africa Subcommittee, on behalf of Amnesty International USA (AIUSA) I would like to thank you for holding these hearings on the New Partnership for Africa's Development, (NEPAD) and for inviting AIUSA to testify. AIUSA appreciates the leadership and energy this committee has brought to critical issues like this and we look forward to continuing to work with you in the future.

Mr. Chairman, Amnesty International is a million member global movement dedicated to promoting the respect and protection of fundamental human rights. In the summer of 2000 at its bi-annual International Committee meeting in Dakar Senegal, Amnesty International delegates voted to change the organization's mandate to address grave human rights abuses be they economic and social or civil and political in nature. We therefore welcome this opportunity and hope that our comments and suggestions contribute positively to discussion on NEPAD's efforts to reduce poverty, achieve sustainable development, empower women, and encourage good governance in the economic political and legal sectors within the framework of promoting human rights.

Mr. Chairman, a recent report by CNN made dramatically clear the need for innovative and dramatic action to address Africa's economic needs. The article stated that Africa's combined gross domestic product accounted for only .33% of the world's economy the continent's external debt amounted to 65.1% of its GDP and that none of Africa's 53 countries was among the top 40 of the world's most competitive economies. When this is combined with wars in the Democratic Republic of the Congo, Sudan, the Mano River region of Guinea, Liberia and Sierra Leone, civil unrest and repression in Zimbabwe, Chad, Cameroon, Togo and potentially explosive elections coming up soon in Nigeria and Kenya, the urgency of the need for a change in approach becomes inescapable.

Amnesty International welcomes the energy and initiative behind NEPAD as well as its stated commitment to "deepening the culture of human rights." AI also wel-

comes NEPAD's stated commitment to focus on combating the proliferation of small arms, light weapons, and landmines and its goal of empowering African women.

As good a start as this is however, NEPAD suffers from some glaring gaps and weaknesses that unless corrected, will undermine the entire initiative. Mr. Chairman I would like to make some general comments and then focus my comments on the Democracy and Governance components and on the key missing element of NEPAD in its current state: civil society.

KEY CONCERNS AND RECOMMENDATIONS

I. The absence of specific details on the promotion, protection and enforcement of fundamental human rights.

While human rights are referred to as core values that have been accepted as essential to good governance and sustainable development, the document in its current form, focuses on the promotion of good governance including transparency, accountability, implying that human rights issues will be addressed as a matter of course. Given the document's primary objectives of attracting foreign investment and alleviating poverty, similar detail and focus to promoting the respect and protection of fundamental human rights would contribute greatly to the document's legitimacy and support within Africa and abroad for its democracy and human rights agenda.

NEPAD fails to build on existing principles and structures that would not only have acknowledged the efforts and progress made in defining and protecting human rights but would also facilitate NEPAD's implementation and further evolution. For example there is no reference to the African Charter on Human and Peoples Rights, which, along with the United Nations Universal Declaration on Human Rights, is ostensibly the continent's primary human rights document. There is also no reference to the African Commission, a body that is functional and has been monitoring the compliance of African governments to international human rights standards for over twenty years. NEPAD also does not acknowledge the Organization of African Unity's commitment to the establishment of an African Court during a period when the establishment of the International Criminal Court is one of the key examples of the globalization of the concepts of rights and accountability.

Once these key human rights principles are re-affirmed as being integral to NEPAD as well as to the newly launched African Union, it will be essential that NEPAD set clear benchmarks for performance and set up mechanisms for independent, impartial monitoring and for enforcement. To date the only mechanism for review is the Peer Review Mechanism by African Heads of State. This proposal, while not fleshed out completely has failed to alleviate concerns within African and international civil society that it will not be independent, impartial and aggressive in enforcing compliance by participating countries. If this is the case, how can NEPAD be expected to encourage investor confidence abroad when it is not seen as being serious in its commitment to police itself?

Recommendation:

1. NEPAD should, refer to and be based on key human rights standards such as but not limited to:
 - The African Charter on Human and Peoples Rights
 - The African Charter on the Rights and Welfare of the Child
 - The OAU Convention Governing the Specific Aspects of Refugee Problems in Africa
 - The Convention for the Elimination of All Forms of Discrimination Against Women
 - The Universal Declaration on Human and Peoples Rights
 - The International Covenant on Social, Economic and Cultural Rights
 - The International Covenant on Civil and Political Rights
2. NEPAD should also incorporate other African standards and policies for human rights and Governance and move to develop and support the adoption and ratification of other important human rights documents such as:
 - The Additional Protocol to the African Charter on Human and People's Rights Establishing the African Court of Human and People Rights
 - The proposed Additional Protocol on Women's Rights to the African Charter on Human and Peoples Rights
 - The 1998 Johannesburg Declaration on Human Rights Defenders,

3. A Human Rights Committee should be created under NEPAD's Specialized Technical Committees Establishment and Composition to help ensure consistency and compliance to these international standards.

II. *The exclusion of Civil Society during the development of NEPAD*

One of the most critical issues that challenges the heart of NEPAD's claims to aspire to good governance (in the form transparency and consultation), and its claim of African ownership was the obvious and disappointing lack of input, and consultation with African civil society. Groups ranging from religious leaders, to trade unions and human rights organizations correctly pointed out that the proposal was discussed more with Western donor government than with the very people NEPAD is supposed to benefit: Africans. This failure to consult and incorporate ideas from civil society suggest that African governments have still not accepted the legitimate and valuable role and contribution that African civil society can and must play if NEPAD is to have any chance of success. Arguments of a commitment to consultation following NEPAD's launch and in the fleshing out of the detailed plans of action only reinforce concerns of a dismissive view to larger questions and disagreements to NEPAD's tactics and strategy. It was not until two June of 2002 that African civil society associations and federations meeting to discuss the launch of the African Union and NEPAD were given the opportunity to comment directly on NEPAD and their recommendations are telling while they welcomed the interaction between the OAU and Continental Civil society organizations, they called on the NEPAD Implementation Committee *'to engage with African CSOs on a similar basis of full consultation and participation as done with regard to the launch of the AU'*.¹

The lack of recognition for African civil society is reinforced by virtue of the absence of any a clear role for civil society in the plan's Peace, Security, Democracy and political Governance initiative as drafted. This despite the existence of numerous documents acknowledging the critical role to be played by civil society in meeting Africa's challenges. This is even more ironic given the language in NEPAD exhorting individuals to mobilize in support of the initiative. While not everyone is by default a member of civil society, given their presence within the general public and their capacity to mobilize support and action, ignoring them suggests African government retain a low opinion of their ability to educate and mobilize the general public.

Recommendation:

1. It is essential that the NEPAD initiative be given to the African people, be they members of civil society or not, for discussion, debate, revision and re-consideration. This is not simply an exercise of due diligence, it is also imperative if NEPAD's commitments to transparency and good governance are to have any credibility whatsoever. This can be done through the holding of seminars and discussions using radio, TV, newspapers. This consultation should occur at all levels society, including state and regional levels but even more importantly discussion on how this can be done should be held with civil society organizations and a plan developed with their input.
2. NEPAD should include members of civil society in its mechanisms such as the African Peer Review Mechanism (APRM) and should support civil society setting up their own monitoring system to monitor NEPAD, based in the five key countries that form the NEPAD Steering Committee as well as in Addis Ababa. These monitoring mechanisms would be to conduct advocacy, facilitate communication between civil society and NEPAD, disseminate information and monitor the performance of NEPAD member countries independently of the APRM.

III. *The Absence and apparent lack of confidence to existing African practices and principles on transparency and accountability concerns over enforcement*

Perhaps no issues, correctly or incorrectly dominate perceptions of Africa by the rest of the international community—in particular in donor countries—as much as perceptions of Africa being doomed to dictatorships, totalitarian governments, meaningless or repressive constitutions and impunity. While it is commonly accepted that higher levels of risk are associated with investing in emerging markets, having a democratic system of governance and the effective administration of justice and rule of law are clearly asset to encouraging private investment and foreign aid. While NEPAD appears to acknowledge this by having an initiative on Democracy and Governance Initiative, it fails abysmally to set goals and processes to underscore its commitment to monitor and police performance of participating countries.

¹ Statement from Continental Civil Society Organizations following June 2002 Summit on launch of African Union in Addis Ababa.

NEPAD's Democracy and Governance Initiative states that NEPAD "undertakes to respect the global standards of democracy, which core components include political pluralism, allowing for the existence of several political parties and worker's unions, free, fair open and democratic elections periodically organized to enable the people to choose their leaders freely."

The initiative includes

A, commitments to be made by participating countries to create or consolidate basic governance processes and practices,

B, the undertaking by participating countries to take the lead in supporting initiatives that foster good governance,

C, the institutionalization of commitments to ensure that core values of the initiative are abided by

The proposal goes on to commit NEPAD to engage in capacity building initiatives to help meet these goals by focusing administrative and civil services, strengthening parliamentary oversight, promoting participatory decision-making, implementing effective measure to fight corruption and undertaking judicial reform. The monitoring and review of these efforts is to be done by the will be done by the Heads of State Forum, referred to as the African Peer Review Mechanism (APRM) following the July 2002 Durban conference on the launch of the African Union.

Again, NEPAD should have built on and incorporated existing standards and principles focusing on good governance, free and fair elections, the rights of political parties, and standards for fair, independent, impartial judicial systems that have been developed by the United Nations, the Organization of African Unity and the United Nations Economic Commission on Africa (ECA). It is also essential that along with these principles NEPAD incorporate the protection of human rights and creation of a safe, secure environment to its effort to promote democratic practices.

Another critical area that will have to be addressed promptly and forcefully will be the establishment of benchmarks for performance and details on effective enforcement. In 2002 alone elections that were widely condemned as being neither free nor fair were held in several countries including Zambia, Madagascar and Zimbabwe. Elections are scheduled for Kenya and Nigeria and in both countries serious concerns remain as to whether the elections will be conducted in a safe and secure environment and genuinely represent the will of the people. NEPAD's credibility will be seriously undermined if it does not clearly establish practices and codes of conduct that are consistent with international standards and act to enforce compliance.

At the same time the work and role of regional bodies created to promote good governance and democracy must be built on such as the election norms and standards promulgated in March 2001 by the Southern Africa Development Community Parliamentary Forum (SADC-PF) or the efforts of the South African, National Non-Government Organization.

As currently envisaged, the African Peer Review Mechanism (APRM) is limited to taking place once every three years, and to be conducted by peers of the government under review. The country will submit a report to be compared to evidence submitted by other sources including the ECA and country missions of eminent Africans selected by NEPAD heads of state.

Even as a tool to encourage investor confidence and to help firmly establish democratic values and practices, the APRM does not pass the test of independence. Limiting the review and evaluation of the performance of a government to other governments and to persons selected by governments will not convince anyone, either in Africa or abroad that a fair evaluation has taken place.

There is also no set of consequences that a country that fails to comply will be subjected to. Even if the best code of conduct is established adherence will be minimal if the consequences of non-compliance are not strong disincentives. The APRM was scheduled for further discussion and refinement at the June 2002 conference in Durban for the launch of the African Union. However few details have emerged to suggest that African heads of state understand that the issue is their accountability to their own people and not to just their accountability to Western governments or even to each other.

Recommendation:

1. The APRM mechanism should be fully discussed and vetted with African civil society groups in an open and transparent manner.
2. NEPAD should include members of civil society in the African Peer Review Mechanism and should support civil society setting up their own monitoring system to monitor NEPAD, based in the five key countries that form the NEPAD

Steering Committee as well as in Addis Ababa. These monitoring mechanisms would be to conduct advocacy, facilitate communication between civil society and NEPAD, disseminate information and monitor the performance of NEPAD member countries independently of the APRM.

3. NEPAD should incorporate accepted international and African standards on democratic practice including but not limited to, free and fair elections, the rule of law and administration of justice, and the protection of fundamental human rights. Such standards would address the right to free association, assembly and speech and would accountability for the security forces, all of which impact the creation of an environment that is conducive to democracy.

IV. Lack of any detail or guidelines to empowering African women and ending gender based discrimination

One of NEPAD's most laudable goals, the empowerment and enfranchisement of the majority of the continent's population is dealt with almost as a gesture to political correctness and then promptly forgotten. No details on the challenges women currently faced are identified nor are goals and standards reaffirmed beyond the commitment to "promote the role of women in all activities" and aspiring to specific health and educational goals.

Here, the consequence of the lack of any consultation with women's groups becomes dramatically clear. Women throughout Africa face cultural, political and legal discrimination, in policy as well as in practice. In addition, women and children comprise the bulk of Africa's refugee population, facing rape, torture, extrajudicial execution, forced labor and slavery on a daily basis. The failure to refer to and endorse existing action plans, standards and goals endorsed by women's groups and by African government. If NEPAD hopes to mobilize and harness the energy, creativity and support of the African people it will have to address the goals of and work with the continent's women as equal and crucial stakeholders and adopt their goals and priorities.

Recommendations:

1. NEPAD as part of its commitment to transparency and consultation, should discuss and develop a detailed plan of action, incorporating the analysis, suggestions and input of African women's groups.
2. NEPAD should incorporate the goals of the Africa platform of the 1994 Beijing Women's Conference.
3. NEPAD should include among its key goals expediting the ratification of the Additional Protocol to the African Charter on Human and People's Rights on Women's Rights

CONCLUSION

Mr. Chairman,

I have limited my comments to the areas of civil society, governance and democracy, issues that NEPAD has a stated commitment to. As I said at the beginning of my testimony AI welcomes the energy and initiative shown by the government involved in preparing the plan. That said the plan is at best a start that needs major re-thinking, discussion and revision both in many of its goals but even more importantly in its preparation and implementation. Any genuine action plan for development in Africa needs the participation of all sectors of African society.

At the same time if Africa is to be a full member of the global economy and community, then its leaders must acknowledge and incorporate global standards on human rights. It is our sincere hope that NEPAD become a process facilitates respect for human rights and gender equality as it evolves and takes root in Africa.²

Mr. ROYCE. Adotei, thank you very much for your very thoughtful testimony, and I think I will begin by asking Ms. Vivian Derryck questions.

In your testimony you had mentioned that you had concerns about South Africa dominating NEPAD. I am not as instinctively nervous about that, but I did want to ask you, how might this happen, in your view?

²This testimony could not have been written without the help of Ann Kivaa and Julie Short.

Ms. DERRYCK. I think that it is extremely important that there is African ownership beyond the subregional level and beyond the various Presidents that were the major architects of this.

Mr. ROYCE. I see.

Ms. DERRYCK. And that therefore it is important that the part of the continent that is the most advanced and most capable is able to make sure that others are brought along because that ownership is going to be so important in terms of the long term economic development of the entire region.

Mr. ROYCE. And listening to some of the testimony of your colleague, Mr. Akwei, did you—do you perceive that as this evolution occurs, which was put in place originally primarily by, I guess, Algeria and South Africa were prime movers, but do you envision some of the issues that he raised becoming more developed and being put in the preamble?

Women's rights, for example, which is a very serious issue in Africa often ignored, do you see that as becoming a part, principal part of the document or being articulated in the manifesto?

Ms. DERRYCK. I would hope so, and I am embarrassed that Adotei had to talk about women and that I did not. But I think that women are becoming much more articulate about NEPAD and what it might mean, and certainly at the Economic Commission for Africa discussions last March, there were pointed questions about the role of civil society, the private sector, and the particular role of women. It was a woman judge that asked some of the most pointed questions of leadership as to what this meant and the need to make sure that the concerns of women vis-a-vis economic development and the issue of HIV/AIDS were considered in a serious way in the documentation and the implementation.

Mr. ROYCE. I would like to ask you one last question, and that is, if NEPAD is going to be fueled by foreign investment and African investment, what can be done to stimulate the repatriation of African capital, in your view?

Ms. DERRYCK. I think that the Corporate Council on Africa is making a good stab at this, and other organizations that are focused on Africa in talking to the African diaspora, doing good research on the amount of money that is available in that diaspora, and particularly in terms of IT talking about ways to wire the continent using, the expertise that Africans in the diaspora have garnered.

Mr. ROYCE. I would also like to ask Steve Hayes a question about the concentration of U.S. investment, which is now principally in the energy sector.

Mr. HAYES. Mm-hmm.

Mr. ROYCE. What could be done to attract U.S. investment in non-traditional economic sectors in Africa, Steve?

Mr. HAYES. This is one of the areas that we are working very actively on. I think that, very frankly, I think AGOA does provide one of the best opportunities for U.S. companies to invest in Africa. And so far I think that has been the weakness of the AGOA, is that U.S. companies have not yet used that as a mechanism to further develop.

You have to have sanctity of contract also and transparency, which simply has not developed throughout Africa to the extent

that it should, it needs to, and that is an important part of NEPAD. So I think the businesses have to hold NEPAD accountable to that.

And then I am also concerned on your point too, that 38 percent of African capital is outside the continent. Estimates range for as little as \$150 billion to \$300 billion. That far exceeds what the G8 countries are planning to put into. So to get that back into Africa would be very important.

The problem is that those people who have the capital are like anybody else, they are investors. After there is great or transparency in their own country, I am sure you are going to see a greater flow back into Africa of that money held outside as well as the diaspora.

I was at a U.S./Nigeria meeting and people—the Nigerian Americans were saying we need to invest more back in our country. So I said, yes, the United States does. How many of you are investing in Nigeria? No hands. So I think that as Africa works on it, and that is why I think NEPAD is hopeful, it is the best hope for us right now if they can push on sanctity of contract, transparency, then I think you are going to see an investment go back in. There is going to be a less need for call for aid, and even less need for call for debt relief, although we support debt relief as well.

Mr. ROYCE. Well, thank you.

My last question is for Mr. Akwei. One of the issues spoken of in NEPAD is the greater African commitment to human rights. How is the human rights situation Africa trending? Is it improving? Is it deteriorating? And as someone focused on human rights in Africa, as you are, is this commitment in the document credible?

Mr. AKWEI. Well, it is a big continent, and it varies by country, obviously. And it would be an injustice to do a sweeping statement saying that the trend is this way or that. However, I think there are a couple of things that are very encouraging. One is that civil society is growing. Whether in spite of or because of African government, there are more voices raising opinions and concerns on more issues and the fact that they actually were able to comment on the launch of the African Union at the conference in Durbin, and I have also commented on the need to be included and to set up mechanisms to monitor NEPAD are all very good signs.

The negative side of that is that you still have too many governments still perceiving civil society as threats and as members of the opposition. You have it in terms of harassment of individuals, intimidation of newspapers, the kinds of things that, you know, not only shake investor confidence but also discourage expatriates and people in the diaspora from going back home. These are things that need to be changed.

I think that the commitment in NEPAD is a good one. It certainly does not go much further than the commitment that these African governments made when they signed the African Charter on Human and Peoples' Rights. It is now going to be up to them to actually put some details down that will basically give us benchmarks for evaluation. And while we appreciate that this is a process and not an event, there are going to be some measurements that will either inspire confidence or they will not.

Mr. ROYCE. My concern is the hesitancy of African leaders to speak out when other African regimes trample individual rights or liquidate civil society. What worries me is the gulf between the words and response to deeds that undermine rule of law.

Mr. AKWEI. I—I agree with you completely. I think it was instructive that after the Zimbabwe elections you had stronger comments and criticism coming from the southern Africa parliamentarians than you had from the southern African governments, which is why NEPAD will benefit from civil society's inclusion.

Mr. ROYCE. Well, we are all legislators so we tend to view legislative bodies as being more engaged in protecting the concept of balance of power and rule of law.

But I appreciate all of your answers, and I am going to go to the Ranking Member, Mr. Payne, from New Jersey now for his questions.

Mr. PAYNE. Thank you very much, and I am sorry that I missed the former presenter. We had kind of a difficult vote situation, but I am glad I was able to hear the testimony of the three of you, each of whom are certainly respected in your own right; the corporate people with Mr. Hayes, and Ms. Derryck with civil society, and Mr. Akwei with the whole question of human rights.

I just, first of all, glad to see this come about. And being that it is a new organization, I am sort of more willing, I guess, to try to see it get the kinks out and not expecting to see this whole peer review question come out.

First of all, I think that it is a giant step for mankind, so to speak, for them to even have that review as a part of NEPAD. I think it is great that there is a basis that we will be evaluating, you know, our neighbors. As a matter of fact, it is not uncommon that heads of state do not speak out against each other. I mean, in Europe, you know, we do not see the President of France criticizing Blair in England or in Belgium you do not hear them talking about much of what is going on in Germany. So it is just not a typical thing.

However, I do believe that there needs to be a system because of Africa and its development stage whereas Western Europe is certainly far from developing, and Africa needing to attract donors, needing to attract cash infusion, I think they therefore have different obstacles to overcome, and therefore I think it puts a responsibility on the leaders.

And I think that if they really want to start, I think the number one issue, although we hear a tremendous amount of attention given to Zimbabwe, by far the number one issue is Sudan. I mean, you have got two million people who have died over the past 20 or 30 years, and the abuses and the atrocity and what is going on there. I mean, we have had several hundred loss of life in Zimbabwe and several hundred to many. But when you compare 200 to two million, and we cannot get the attention drawn to Sudan that we do to Zimbabwe, I think that we need to also evaluate how the process of what is the gravest of the problems. They are all bad and I think they all need to be addressed.

Let me just, I have got a couple of questions. I do not know whether you folks can answer it better or we should have asked the representative from the government of South Africa probably would

have been the best to ask. But since he is not here, I might ask you, and any of you could try to answer it, about the question of the Africa Union and NEPAD both coming about the same time.

How do you see these two, these two groups working together? Do you think it is an overlap? Do you think—initially some people thought it was actually the same group. It might even have been better to be under one umbrella. But how do you see that interacting? If any of you would like to try to take that on.

Mr. HAYES. We will both take it.

Mr. PAYNE. Okay.

Mr. HAYES. I will accede to Vivian.

Ms. DERRYCK. The African Union is the parent as it were. It is the successor to the now defunct OAU. The AU is going to have three parts. It is going to have a security council that is going to look at conflict resolution and peacekeeping. It is going to have a legislature, and then it has NEPAD, which is the development assistance arm, the economic development arm.

So NEPAD is an integral part of the AU, but I think that since NEPAD has moved forward more quickly than the other two parts, and we have a good sense of its structure and mechanisms, it seems that it has a good opportunity to succeed.

Mr. HAYES. I would also second that. I think that—go back to Congressman Royce's question to Vivian on South Africa. I think it is fortunately, actually, that NEPAD right now is in South Africa. The secretariat is in South Africa, and the leader, the President of the African Union now is also President Mbeki. It allows—it allows integration very early before that chairmanship or presidency goes to another country.

So I think that, yes, they are different entities, but they are integrated, and I think that we are all very fortunate that the conjunction now of both the African Union and NEPAD comes together in South Africa.

I would also, though, issue the same caution that Vivian made on dominance of one country. The South African economy is 40 percent of Africa now. It is the greatest investor other than perhaps China in southern Africa now. It has a strong domination of the economies. I think that is going to have to be spread out, otherwise there is going to be a growing resentment toward South Africa.

So I think that the more other countries buy into NEPAD the healthier the concept is going to be and the greater opportunities for the U.S. as well.

Mr. PAYNE. Okay. I—I think that that is good. I will sort of conclude by saying that I am looking forward to the peer review. I think that that is important, and I do not disagree. I think that the African heads of state have to be kind of outspoken even though, as I mentioned, it is something that is not done too much traditionally, you will find that perhaps whether the United States or a great global power might speak out as we do about injustices around the world. However, in other regions of the world we do not find too much of that going on.

However, I do not think that Africa can afford not to have a peer review where there is criticism from collective heads of state to a sort of a rogue country, a country that is not—that is not treating its persons right. And so that is going to really be, I think, a very,

a very key part to just see how and if this peer review is going to work, and I hope that we stay engaged, U.S. stay engaged with NEPAD and be of any assistance we can technically or anything that they ask.

I agree, it is a big kind of a bureaucracy which is not going to be easy to work out, but I think that we should give it as much support as we can.

Thank you very much. I yield back.

Mr. ROYCE. Thank you, Mr. Payne.

Congressman Flake.

Mr. FLAKE. Thank you, Mr. Chairman. Thank you for holding the hearing. I apologize for coming in late and missing what may have been answers to my questions already. But I wanted to—I know what the answer is going to be probably from all three of you.

But if you had to pick one, market access or development aid, which is the most important for Africa at this stage?

Mr. HAYES. I will jump right in. I think market access is far more important. I think that that allows people to be able to support themselves. I think it also goes—that was finances go directly to the people and from the people. I think too much development aid is used at the top often. I think that market access is one of the best hopes for Africa.

Mr. FLAKE. Any disagreement?

Ms. DERRYCK. Of course. As a person that specializes in sustainable development, of course, I would say that the investment in sustainable development long term really does make the conditions that enable countries and individuals to access the development and trade agreements that they now cannot. Without the requisite education and investment in infrastructure, in health, in small enterprise development and in micro enterprise, many of these countries and individuals cannot take full advantage of trade opportunities.

And furthermore, if you base your access totally on trade, then you really run the risk of developed nations passing legislation that really undermines or makes more difficult the trade access. So if you invest in sustainable development long term, year after year, then you really do build a base that gives you a labor force and a population that is much more able to take advantage of trade opportunities.

Mr. HAYES. They clearly are not in exclusion of one another. I think that you obviously—the investment and development aid should be an education and health, and I think also the open up—open up the market access.

Mr. FLAKE. I liked your first answer better.

Mr. AKWEI. I would just echo what Mr. Hayes just said. I think it has got to be a combination of both. The continent needs both. It needs development aid, but it also does need access to markets and the kind of protectionism that it encounters in trying to stimulate its own export industry will never be successful as long as those things continue speaking as an individual.

Mr. FLAKE. It is often said, we always hear whenever there is a new program or initiative launched it is always going to be different than the last one that did not work. In Africa, we have the history of about \$500 billion over 30 years being put in in develop-

ment assistance without much, I think by all accounts, to show for that.

And we are told that NEPAD basically is based on the premise that that was imposed from the outside, conditions and terms that did not mesh with African culture or sensibilities somehow.

I have always been puzzled by what that really means. What is it about development aid in the past that has not taken into account—how would Africa have done it differently had they had more input in development assistance in the past? And how is that corrected or bettered by NEPAD? Anybody want to take a shot?

Mr. AKWEI. I would just like to say that the difference, one difference which I think is important is the accompanying commitment to democratic culture and accountability and transparency.

Mr. FLAKE. Okay.

Mr. AKWEI. The previous history of Africa's assistance was never tied or it was never effectively tied to democratic practice and accountability to human rights.

The document now commits them to doing that, at least initially. We are going to have to basically expand and detail that commitment so that it is measurable and that it has benchmarks, and then you will be able to really evaluate how governments are using it and what they are doing, and whether it is having achievable goals on its democracy and governance side.

On the economic side, I think I would defer to my colleagues.

Mr. FLAKE. Well, on that one, I would just finish up with that. I am about out of time. That is extremely encouraging to hear, and I agree that that does seem at least on its face to be the commitment that is different here. A lot of aid that was given over the past 30 years was to play off kind of one side against the other. It was part of the Cold War.

Having said that, I, like others on this panel, are quite concerned about the recent developments in Zimbabwe, well, continuing developments, but some of the more recent ones, and the failure of neighboring states and others on the continent to actually take a position, and it makes me, and I believe others as well, extremely skeptical that that one which I would maintain is a biggest difference between this initiative and ones in the past.

When we see the failure to actually condemn that or to take a position, it makes us really question the commitment to the rule of law.

Any comment about that?

Ms. DERRYCK. Thank you. I think that one of the major differences in NEPAD is the transparency with which this is being promulgated. And even though we can be critical of parts of it, at least the data is out there. It is on the Web site. It is being discussed. And there is a real commitment to focus on strengthening institutions and civil society. Our development assistance prior to 1990 probably did not focus on that.

But I think that we have really seen some major advances in Africa in the nineties after the end of the Cold War and we have seen development of democratic institutions in many countries. And I certainly would agree about Zimbabwe. But every now and then there is reference to the judiciary, and the judiciary in Zimbabwe

makes a determination that somehow lessens the immediate impact of what is happening.

That is because we invested, we, the U.S. invested in strengthening that judiciary. We tried to strengthen legislators and judiciaries in several countries. In some it worked and in some it did not. But we have also made those major investments in education and in trying to develop health care in many, many countries, and that too has been successful.

So NEPAD has the opportunity because of this transparency and leaders saying that they are going to hold themselves accountable to really, I think, make a positive difference.

Mr. HAYES. I—I think Congressman Royce hit on a very important point when he mentioned the *Financial Times* articles. I think that clearly what is happening in Zimbabwe is going to affect the economy of South Africa. It is making investors very nervous to invest even in South Africa, and I think those type of interrelated activities, be the transparency, the stated document, I think it is going to be very apparent soon that unless some action is taken the economies are going to crumble.

So I think that, first of all, I think NEPAD still deserves support. I think Zimbabwe is an early disappointment, but the jury, I think, is still out. I think we need to continue to pressure, but still give it time because I think that there are enough pressures coming about that will support change in Zimbabwe.

But I think there are also some very, very good areas in Africa that need our support, which is also why I would like to mention the Millennium Challenge Account as one more stimulus to move NEPAD forward. The Millennium Challenge Account, as I understand it, and I understand it is not formed fully yet either, will support those countries that are doing well, i.e., Senegal, Mozambique, so forth.

And I think as long as we can continue to put our own economic investment in those countries that are moving forward in a variety of areas, it is going to continue to put the pressure on others to step forward.

I think that our business must be engaged, otherwise we simply lose our influence, so that is why I think we need to be involved.

Mr. ROYCE. Well, like Mr. Payne who is the dean of engagement in Africa, Mr. Flake also has some personal experience that he brings to bear. He was involved in constitutional development work for some time in Namibia, and also in humanitarian work in South Africa and in Zimbabwe, and he and his wife were in Namibia long enough to pick up Afrikaans as a second language.

He brings from that constitutional work a certain perspective about these important questions of the development of guaranteed rights for the citizens as we move forward, and NEPAD represents a new opportunity, a new opportunity if there is accountability. And part of your important work and why I am appreciative of all three of you traveling down here today to testify is because you will all be involved in the process of raising these important issues of what is an African initiative, but an initiative will, I am sure, be open to the inputs from NGOs and from civil society.

And so thank you so much for your testimony here today. We will send a copy of all your testimony to the other Members of the Committee. Appreciate it.

And we stand adjourned.

[Whereupon, at 4:30 p.m., the Subcommittee was adjourned.]

